



# Branding

**MKTG611**  
**Barbara E. Kahn**  
**Patty and Jay H. Baker Professor of**  
**Marketing**

# SO, What is a Brand?

---

- Formally... A proprietary trademark for a specific product or service
- Conceptually... A “contract” from the company to its customers; A promise of specific benefits, quality, and value. A relationship.
- Realistically: “A brand is no longer what we tell the consumer it is, it is what the consumers tell each other it is.” Scott Cook, P&G Director

# All starts from Positioning!

---

- To customers who are (target segment)
  - Our product offers (point of difference)
  - Relative to (frame of reference)
  - Because (reasons to believe)
- 
- **A brand brings the positioning to life.**

# Brands Also Serve as Quality Signals



# Same for B2B brands

---



THE BOSTON CONSULTING GROUP

“no one ever got fired for buying IBM...”

# Brands Communicate Identity

---



**POLO  
RALPH LAUREN**

**URBAN OUTFITTERS**

# Brands Create Value for Companies



\$51.97



\$10.59

[OUR PRODUCTS](#)[WHERE TO BUY](#)[SECOND CHANCES](#)[ABOUT US](#)[DKB CANADA](#)

# SECOND CHANCES

## What are they selling?



## THE PURPOSE BEHIND EVERY LOAF

At Dave's Killer Bread, we believe in Second Chance Employment: hiring the best person for the job, regardless of criminal history. We have witnessed its transformative power, and that giving someone who is ready to change their lives a chance – a Second Chance - gives people an opportunity **not only to make a living, but to make a life.**

---

**Many of the best brand have moved to positioning around values, aspirations, or desired identities.**

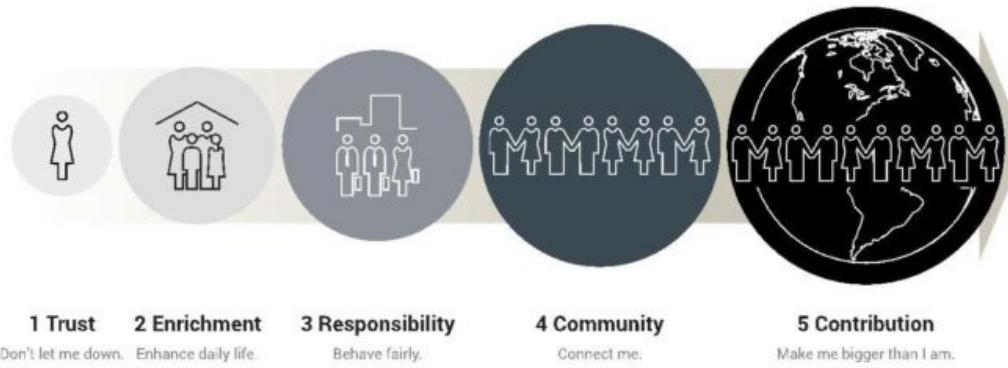
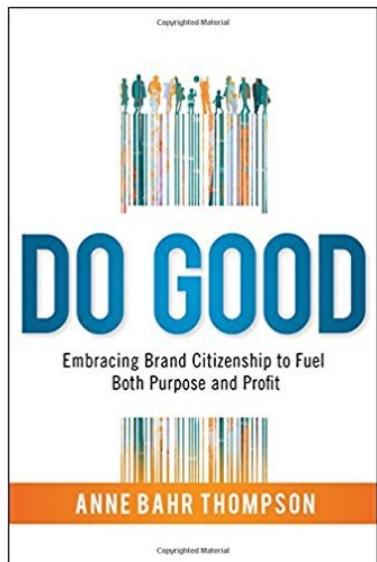
# What does a brand mean today? (n=6000)

---

- Brands have the power to change the way people think and act
- People want business to step in and fix things (they have lost faith in government)
- People want a “we” – community coming together, BUT not at the expense of “me”
- People want brands to deliver from “me” to “we”

# Anne Bahr Thompson

ME-to-WE continuum to help businesses gain lasting credit for sustainability and social responsibility initiatives





Believe in something. Even if it  
means sacrificing everything.

 Just do it.

# How quitting tobacco reshaped CVS: Q&A with CEO Larry Merlo

**Q: Did you lose foot traffic because of this decision?**

*Merlo:* We sold approximately \$2 billion of tobacco and related items. We didn't make up \$2 billion worth of revenue in a direct way.

But that decision became an important foundational moment and a foundational decision for our company as we were on this journey of becoming more of a health care company. So as you look today, we have more than made up for the shortfall that may have created.

All the business you lost has returned, and then some. How has the company changed?

We've done a lot of different things in our business. We've reallocated some floor space. We reallocated marketing dollars out of the hunt business into other areas. Last year, we took hunt out of 10 stores completely as a test, and those stores did significantly better than the balance of the chain. We just started taking it out of another 125 stores, and we're very happy with that so far.

**Walmart, L.L. Bean, Kroger, and others have followed your lead. Do you sense a desire on corporate America's part to step up now?**

I think it's an obligation for corporate America. There's not much leadership coming out of Washington. There are a lot of sound bites. There's a lot of talking back and forth. The country is so thirsty for someone, for leadership to come from somewhere. Right now, leadership is coming from the private sector, and it's going to continue to come from the private sector, because I don't see things changing in Washington very quickly.

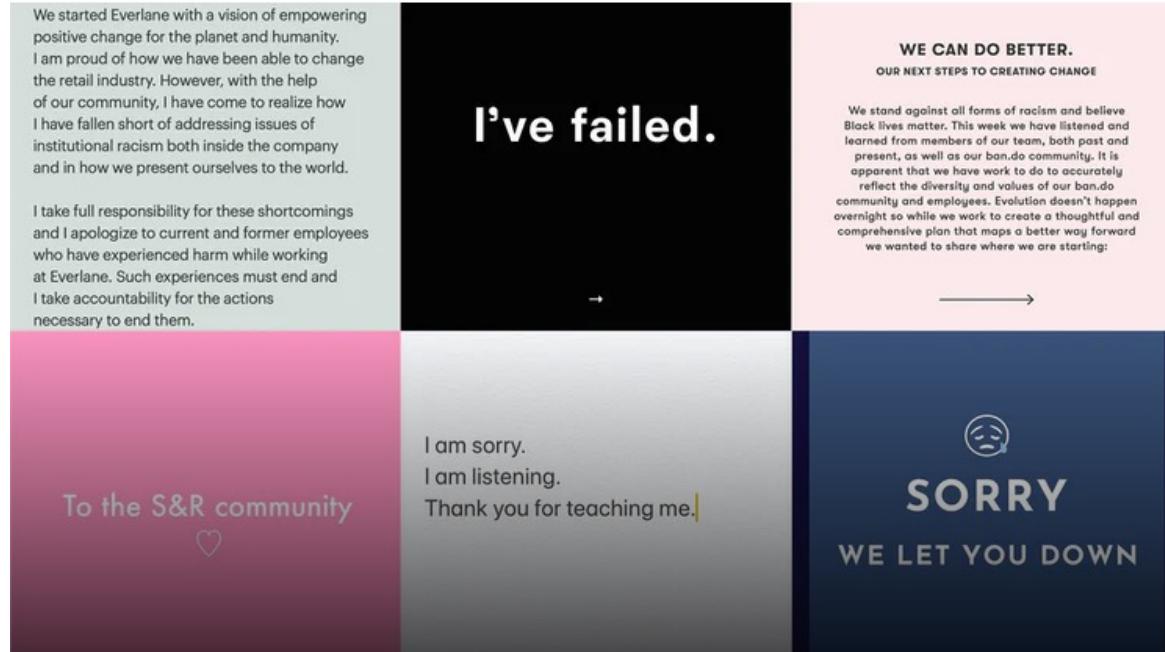
**The Inside Story of Why Dick's Sporting Goods's CEO Stopped Selling Assault Rifles: 'I Just Don't Want to Be Part of This Story Anymore'** Ed Stack, CEO

**Why is Walgreens still selling tobacco products? Because people want to smoke**

Brands, which often remain silent when it comes to social justice issues, began speaking out, along with ad agencies and media professionals



# *When everyone is apologising, it's like no one is apologising.*



Apologies from brands in recent weeks | Source: Collage by BoF

*It's far easier to apologise for what you've done than for what you are.*

# *Hundreds of Companies Unite to Oppose Voting Limits, but Others Abstain*



From left, Kenneth Frazier, the chief executive of Merck; Kenneth Chenault, a former chief of American Express; Mary T. Barra, who runs General Motors; and Kevin Johnson, who runs Starbucks. Credit...Jason Redmond/Agence France-Presse — Getty Images

Amazon, BlackRock, Google, Warren Buffett and hundreds of other companies and executives signed on to a new statement opposing “any discriminatory legislation” that would make it harder for people to vote.

The statement was intended to be nonpartisan, arguing that protecting voting rights should garner support from Republicans and Democrats alike.

**BUT:**

**Coca-Cola** and **Delta**, which condemned the Georgia law after it was passed, declined to add their names.

**Home Depot** also declined, even though its co-founder Arthur Blank said in a call with other business executives on Saturday that he supported voting rights.

# Study: Brand activism sways buying behavior, brand impression for 58% of consumers





# Consumers Want Brands to Heal Divisions

---

- Overwhelming majority of consumers agree on the importance of many core values
  - Open-mindedness, fairness, compassion, honesty
  - Example: Delta “Close the Gap” campaign; “we don’t fly to bring people together, we fly to remind us that we have never been far apart” (pre-Covid)
- Do something don’t just say something (**Stand, Walk, Talk**)
- When to Take a Side
  - If your target consumer is young, liberal and urban and your cause is authentic to your brand
  - Know your audience

## 2. Measuring Brand Value

# Three Methodologies

---

- Customer Based Measures (CBBE)
- Brand Asset Valuator (BAV Model)
- Interbrand

# 1. Consumer Based Measures of Brand Equity



## Awareness & Familiarity:

- *"Have you heard of Brand X"*
- *"What brand comes to mind when you think luxury car?"*
- *"What do you know about Brand X?"*

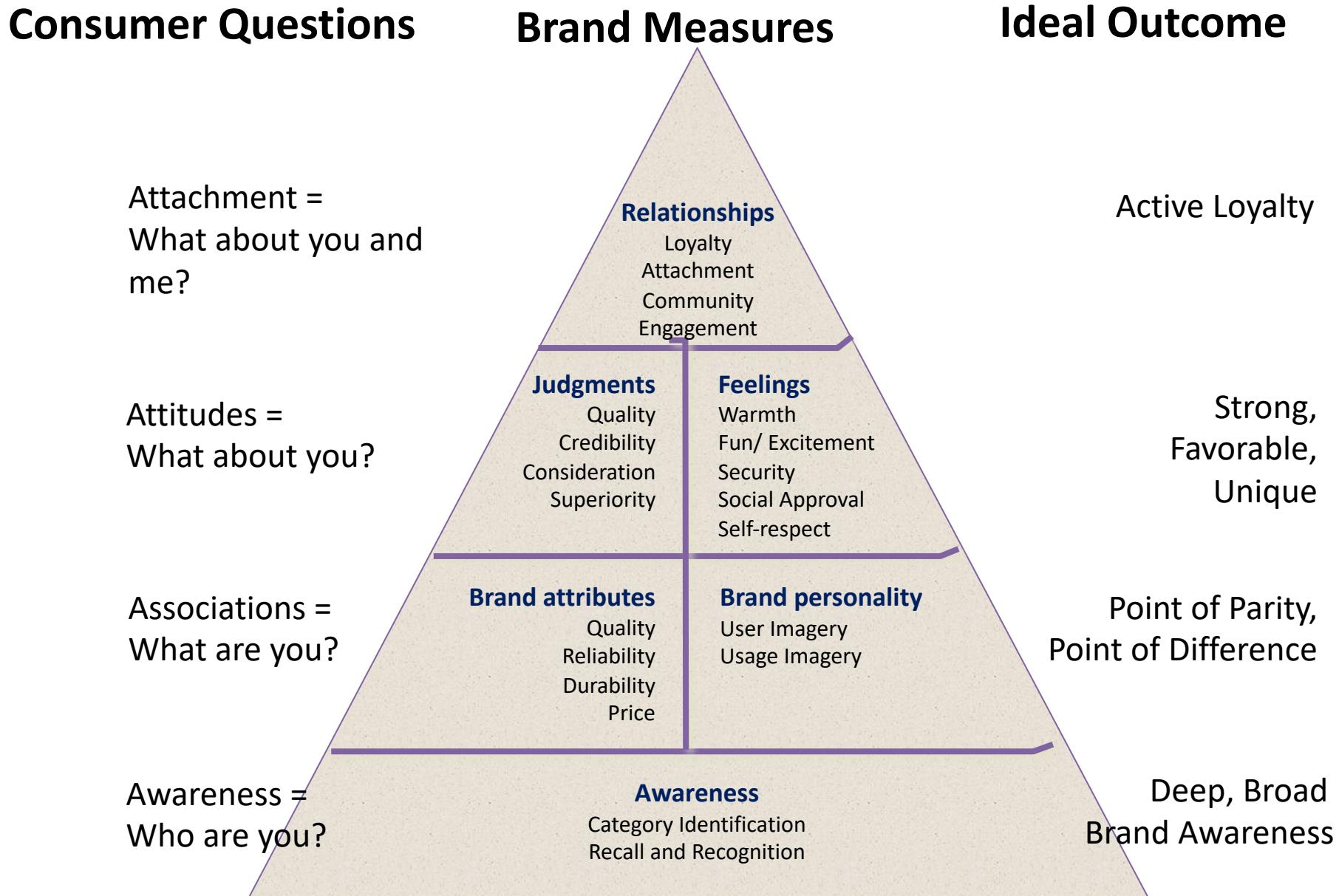
## Attitude:

- *Is Brand X for me?*
- *On a scale from 1 to 5, is Brand X for young people?*
- *What are the strengths and weaknesses of each brand?*

## Usage:

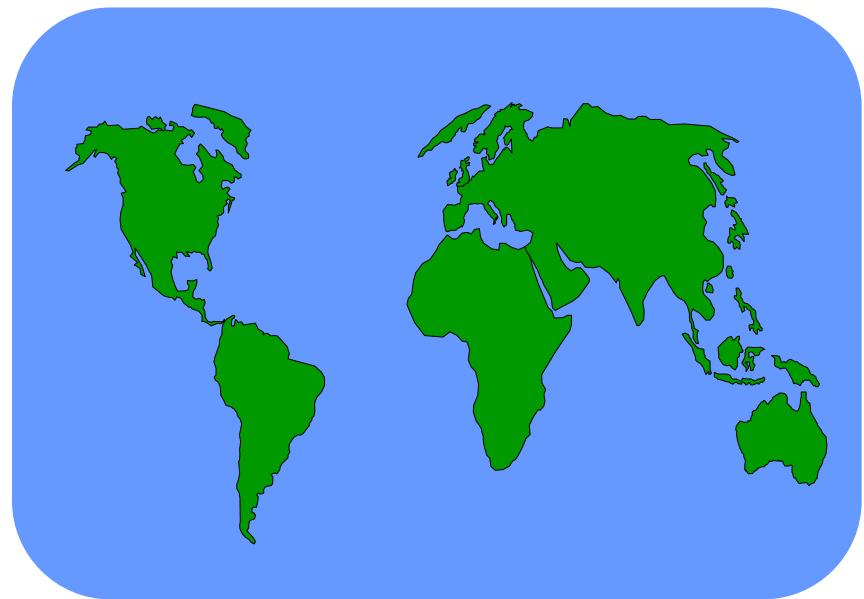
- *Did you use Brand X this week?*
- *What brand did you last buy?*

# Consumer-Based Brand Equity Model (CBBE)

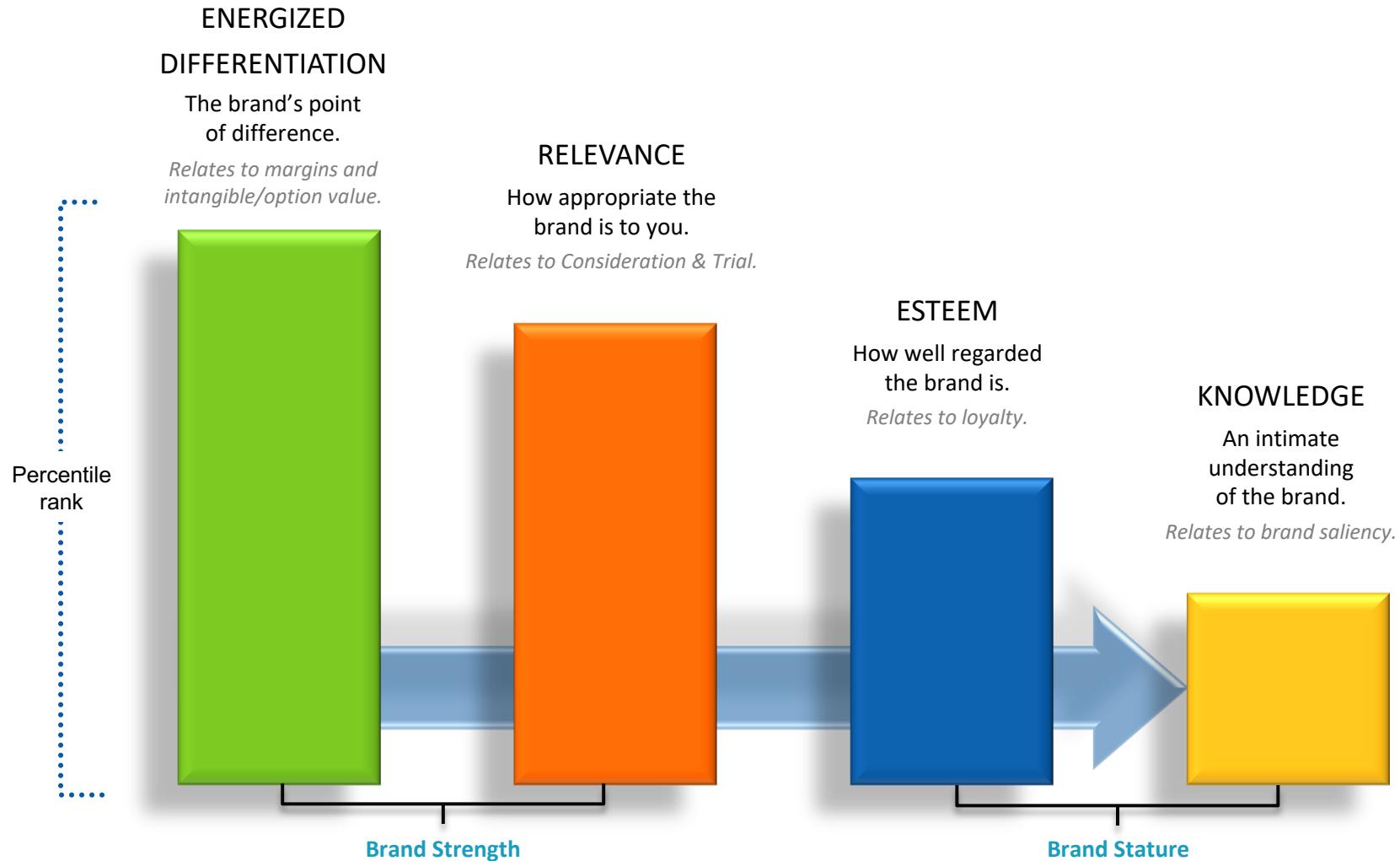


## 2. BrandAsset® Valuator (BAV)

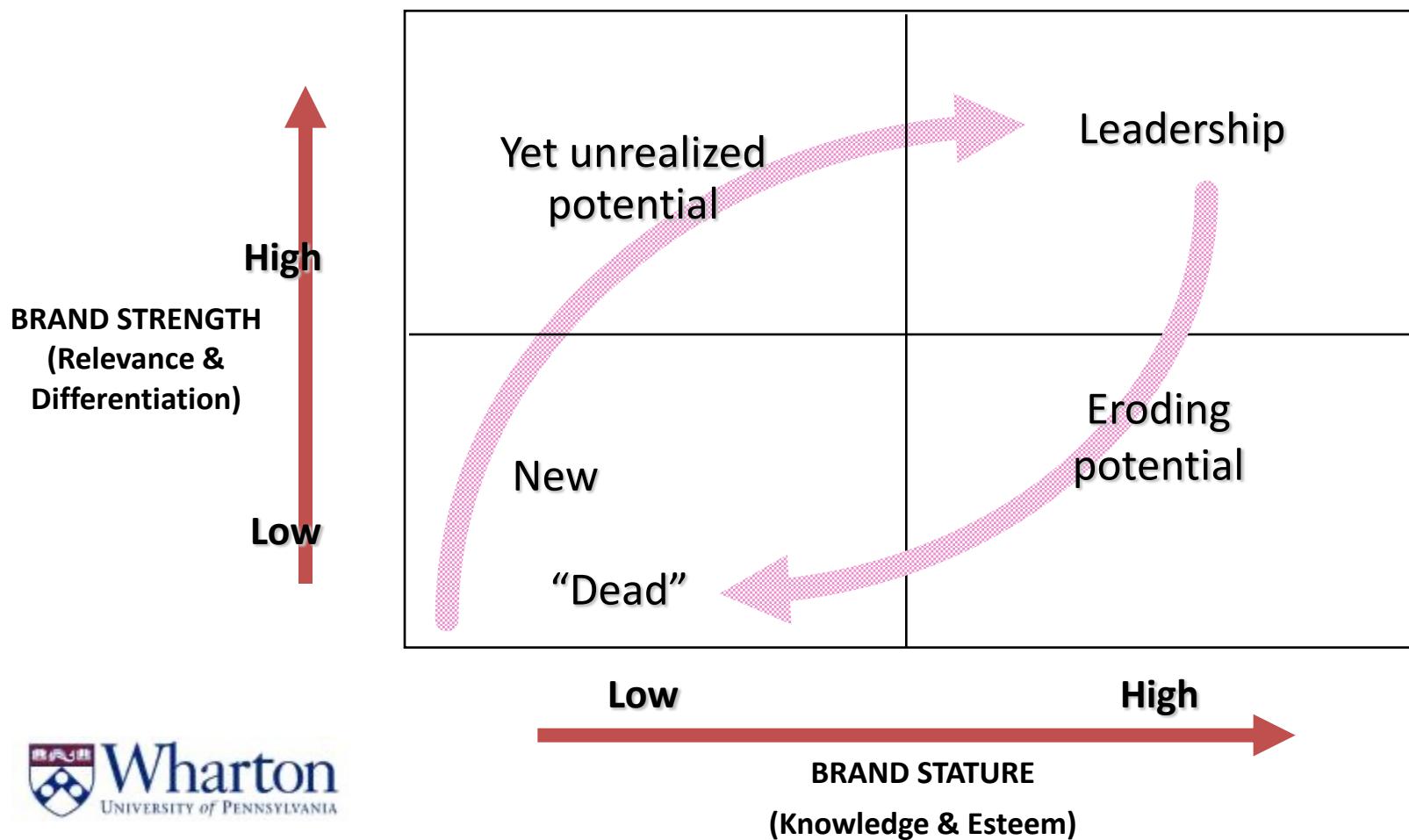
- 800,000+ consumers
- 47,000 brands
- Up to 181 categories
- Over 200 studies since 1993 using the same methodology
- 50 countries
- (Links to financial outcomes)



# Four pillars assess brand health,



# The power grid: Understanding brand development



# Brands are built differently from the way products are sold

## Product Selling

Awareness



Interest



Desire



Action

*Disadvantage:*

*Episodic*

*Individual*

*Driven by Product Attributes*



## Brand Building

Energized Differentiation



Relevance



Esteem



Knowledge



*Advantage:*

*Continuous*

*Culture/Country*

*Driven by Brand Benefits and Meaning*

### **3. Interbrand**

---

- British-based Consultation Firm
- Perform commissioned formal Brand valuations as well as informal evaluations of top brands
- Findings of Top 100 Brands published annually

## The Best Global Brands

**2017**

<b>1</b>	<b>Apple</b>	<b>184.2</b>
<b>2</b>	<b>Google</b>	<b>141.7</b>
<b>3</b>	<b>Microsoft</b>	<b>80.0</b>
<b>4</b>	<b>Coca Cola</b>	<b>69.7</b>
<b>5</b>	<b>Amazon</b>	<b>64.8</b>
<b>6</b>	<b>Samsung</b>	<b>56.2</b>
<b>7</b>	<b>Toyota</b>	<b>50.3</b>
<b>8</b>	<b>Facebook</b>	<b>48.2</b>
<b>9</b>	<b>Mercedes</b>	<b>47.8</b>
<b>10</b>	<b>IBM</b>	<b>46.8</b>

**2018**

<b>1</b>	<b>Apple</b>	<b>214.8</b>
<b>2</b>	<b>Google</b>	<b>155.5</b>
<b>3</b>	<b>Amazon</b>	<b>100.7</b>
<b>4</b>	<b>Microsoft</b>	<b>92.7</b>
<b>5</b>	<b>Coca Cola</b>	<b>66.3</b>
<b>6</b>	<b>Samsung</b>	<b>59.8</b>
<b>7</b>	<b>Toyota</b>	<b>53.4</b>
<b>8</b>	<b>Mercedes</b>	<b>48.6</b>
<b>9</b>	<b>Facebook</b>	<b>45.1</b>
<b>10</b>	<b>McDonald's</b>	<b>43.3</b>

**2019**

<b>1</b>	<b>Apple</b>	<b>234.2</b>
<b>2</b>	<b>Google</b>	<b>167.7</b>
<b>3</b>	<b>Amazon</b>	<b>125.3</b>
<b>4</b>	<b>Microsoft</b>	<b>108.8</b>
<b>5</b>	<b>Coca Cola</b>	<b>63.4</b>
<b>6</b>	<b>Samsung</b>	<b>61.1</b>
<b>7</b>	<b>Toyota</b>	<b>56.2</b>
<b>8</b>	<b>Mercedes</b>	<b>50.8</b>
<b>9</b>	<b>McDonald's</b>	<b>45.4</b>
<b>10</b>	<b>Disney</b>	<b>44.4</b>

**2012**

<b>1</b>	<b>Coca Cola</b>	<b>77.8</b>
<b>2</b>	<b>Apple</b>	<b>76.5</b>
<b>3</b>	<b>IBM</b>	<b>75.5</b>
<b>4</b>	<b>Google</b>	<b>69.7</b>
<b>5</b>	<b>Microsoft</b>	<b>57.8</b>
<b>6</b>	<b>GE</b>	<b>43.7</b>
<b>7</b>	<b>McDonalds</b>	<b>40.1</b>
<b>8</b>	<b>Intel</b>	<b>39.4</b>
<b>9</b>	<b>Samsung</b>	<b>32.8</b>
<b>10</b>	<b>Toyota</b>	<b>30.3</b>

**2013**

<b>1</b>	<b>Apple</b>	<b>98.3</b>
<b>2</b>	<b>Google</b>	<b>93.3</b>
<b>3</b>	<b>Coca cola</b>	<b>79.2</b>
<b>4</b>	<b>IBM</b>	<b>78.8</b>
<b>5</b>	<b>Microsoft</b>	<b>59.5</b>
<b>6</b>	<b>GE</b>	<b>46.9</b>
<b>7</b>	<b>McDonalds</b>	<b>41.9</b>
<b>8</b>	<b>Samsung</b>	<b>39.6</b>
<b>9</b>	<b>Intel</b>	<b>37.3</b>
<b>10</b>	<b>Toyota</b>	<b>35.3</b>

**2016**

<b>1</b>	<b>Apple</b>	<b>178.1</b>
<b>2</b>	<b>Google</b>	<b>133.3</b>
<b>3</b>	<b>Coca cola</b>	<b>73.1</b>
<b>4</b>	<b>Microsoft</b>	<b>72.8</b>
<b>5</b>	<b>Toyota</b>	<b>53.6</b>
<b>6</b>	<b>IBM</b>	<b>52.5</b>
<b>7</b>	<b>Samsung</b>	<b>51.8</b>
<b>8</b>	<b>Amazon</b>	<b>50.3</b>
<b>9</b>	<b>Mercedes</b>	<b>43.5</b>
<b>10</b>	<b>GE</b>	<b>43.1</b>

# Interbrand 2020

01  +38% 322,999 \$m	02  +60% 200,667 \$m	03  +53% 166,001 \$m	04  -1% 165,444 \$m	05  +2% 62,289 \$m	06  -10% 56,894 \$m	07  -8% 51,595 \$m	08  -3% 49,268 \$m	09  -6% 42,816 \$m	10  -8% 40,773 \$m
11  -4% 39,756 \$m	12  -8% 36,971 \$m	13  -12% 35,178 \$m	14  -14% 34,885 \$m	15  +6% 34,388 \$m	16  -4% 34,119 \$m	17  -2% 31,720 \$m	18  +12% 28,011 \$m	19  New 26,060 \$m	20  -11% 21,694 \$m
21  -4% 21,203 \$m	22  +6% 20,220 \$m	23  -10% 19,458 \$m	24  +6% 19,161 \$m	25  +3% 18,870 \$m	26  -9% 18,603 \$m	27  +41% 18,206 \$m	28  +0% 17,961 \$m	29  -30% 17,961 \$m	30  New 17,328 \$m
31  +2% 16,562 \$m	32  -2% 15,675 \$m	33  -3% 15,606 \$m	34  -4% 15,073 \$m	35  -13% 14,862 \$m	36  +1% 14,295 \$m	37  -14% 14,008 \$m	38  +2% 13,900 \$m	39  +7% 12,935 \$m	40  New 12,785 \$m
41  +41% 12,665 \$m	42  -12% 12,568 \$m	43  +8% 12,553 \$m	44  -2% 12,428 \$m	45  +15% 12,397 \$m	46  +2% 12,277 \$m	47  -5% 12,267 \$m	48  +3% 12,211 \$m	49  +7% 12,129 \$m	50  +1% 12,070 \$m

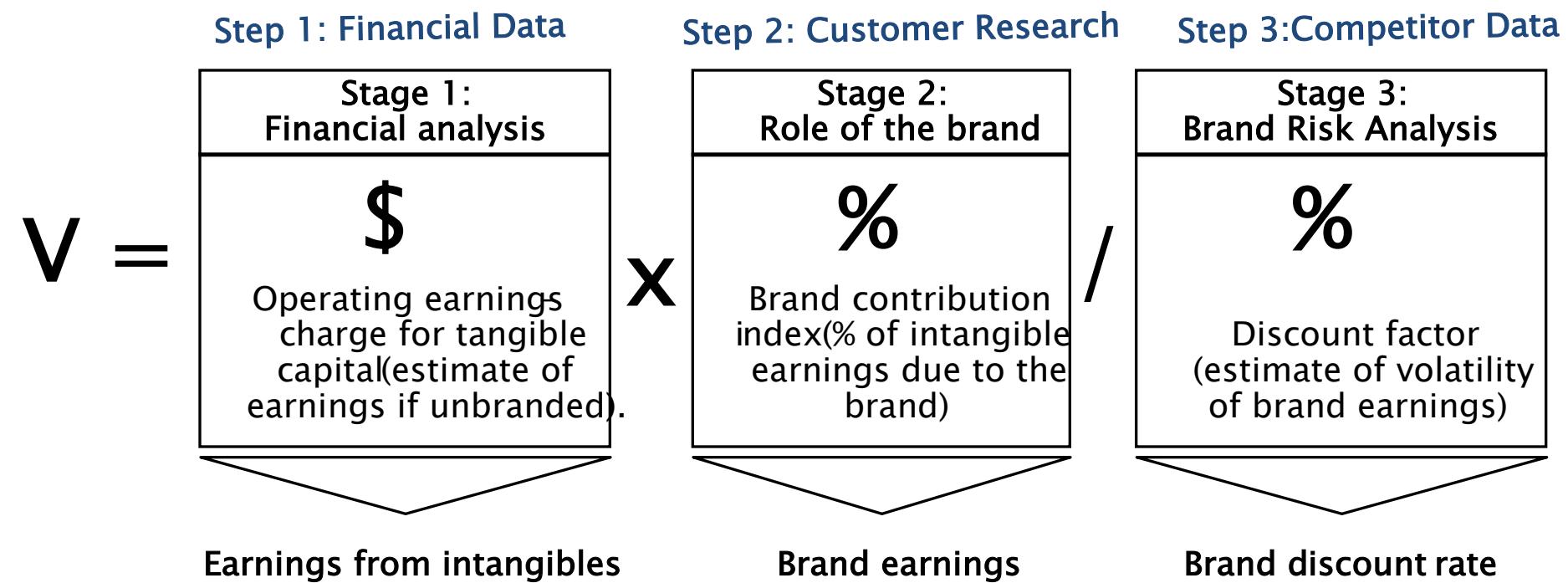
51	52	53	54	55	56	57	58	59	60
<b>SONY</b> +14% 12,010 \$m	<b>citi</b> -6% 11,936 \$m	<b>PHILIPS</b> +0% 11,671 \$m	<b>Gillette</b> -16% 11,578 \$m	<b>PORSCHE</b> -3% 11,301 \$m	<b>starbucks</b> -5% 11,246 \$m	<b>mastercard.</b> +17% 11,055 \$m	<b>salesforce</b> +34% 10,755 \$m	<b>NISSAN</b> -8% 10,563 \$m	<b>PayPal</b> +38% 10,514 \$m
<b>SIEMENS</b> +2% 10,512 \$m	<b>DANONE</b> +4% 10,340 \$m	<b>Nestlé</b> +8% 10,252 \$m	<b>HSBC</b> -14% 10,118 \$m	<b>hp</b> -11% 9,740 \$m	<b>Kellogg's</b> -8% 9,547 \$m	<b>3M</b> +4% 9,409 \$m	<b>Colgate</b> +6% 9,345 \$m	Morgan Stanley +8% 8,865 \$m	<b>Spotify</b> +52% 8,389 \$m
<b>Canon</b> -15% 8,057 \$m	<b>LEGO</b> +9% 7,535 \$m	<b>Cartier</b> -9% 7,494 \$m	<b>Santander</b> -12% 7,474 \$m	<b>FedEx</b> +5% 7,367 \$m	<b>Nintendo</b> +31% 7,296 \$m	<b>Hewlett Packard Enterprise</b> -16% 6,654 \$m	<b>Corona</b> +3% 6,563 \$m	<b>FERRARI</b> -1% 6,379 \$m	<b>HUAWEI</b> -9% 6,301 \$m
<b>DHL</b> +5% 6,289 \$m	<b>JACK DANIEL'S</b> -1% 6,288 \$m	<b>DIOR</b> -1% 5,908 \$m	<b>CAT</b> -14% 5,855 \$m	<b>Panasonic</b> -6% 5,844 \$m	<b>KIA</b> -9% 5,830 \$m	<b>Johnson &amp; Johnson</b> +1% 5,764 \$m	<b>Heineken</b> -2% 5,520 \$m	<b>JOHN DEERE</b> -9% 5,367 \$m	<b>LinkedIn</b> +8% 5,210 \$m
<b>Hennessy</b> -9% 5,123 \$m	<b>KFC</b> -7% 5,111 \$m	<b>LAND ROVER</b> -13% 5,077 \$m	<b>TIFFANY &amp; CO.</b> -7% 4,966 \$m	<b>MINI</b> -10% 4,965 \$m	<b>Uber</b> -13% 4,942 \$m	<b>BURBERRY</b> -8% 4,809 \$m	<b>JOHNNIE WALKER</b> New 4,555 \$m	<b>PRADA</b> -6% 4,495 \$m	<b>ZOOM</b> New 4,481 \$m

# Interbrand's Valuation Methodology

---

- Value of brand is PV of its future benefits
- 3 Inputs to Brand Value
  - Financial Forecasting (projected future earnings)
  - Role of Branding (only includes brand-related considerations)
  - Brand Strength (used to adjust earnings for inflation & risk)

# Interbrand Approach



Brand value = Value of discounted cash flow to year 10 + estimated residual value after year 10

# Interbrand's “Role of Branding Index”

---

- **Perfumes** 90-95%
- **PCs** 65-75%
- **Luxury goods** 70%
- **Food and drink** 55%
- **Financial services** 30%
- **Automotive** 30%
- **Retail** 15%
- **Pharmaceutical** 10%
- **Utilities** 0%

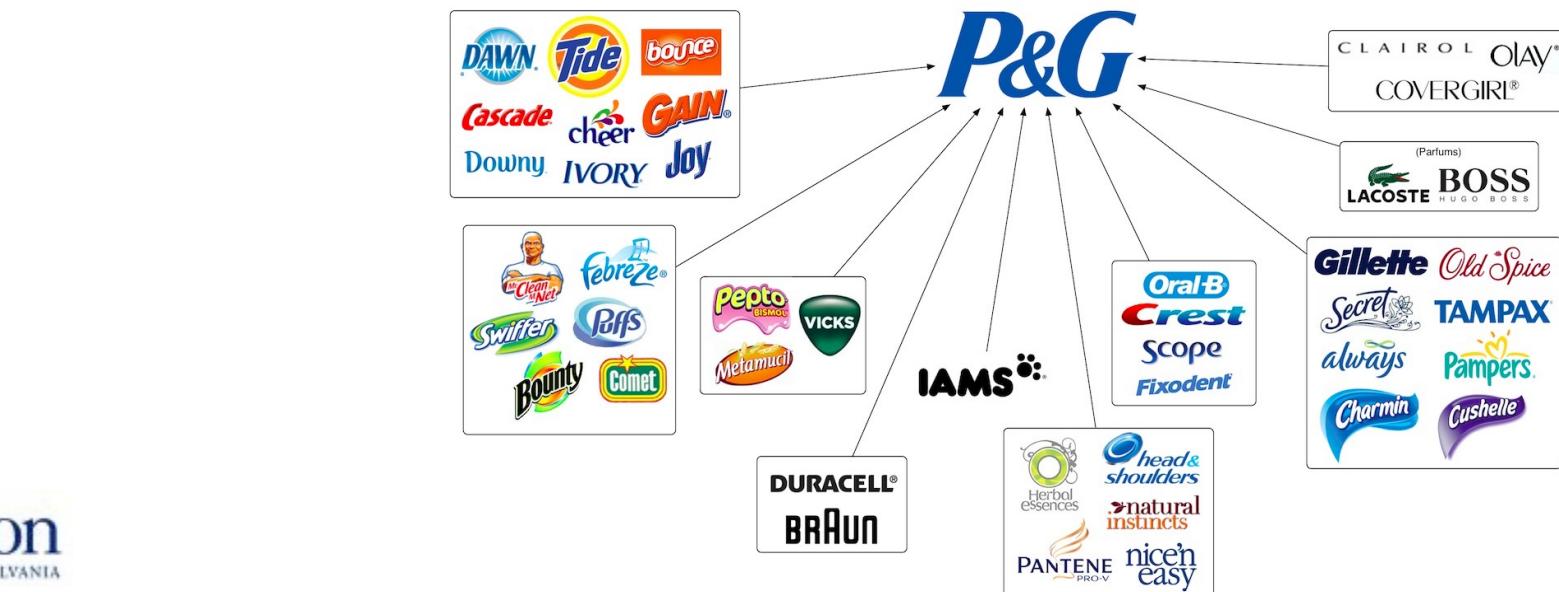
# Step 3: Brand Strength

---

- **Brand Strength** measures the brand's
  - ability to secure demand
  - power to protect margin
  - survivability as a going concern
- It is scored on a 0 to 100 scale.
- Each business unit gets its own score.
- The score is used to determine the rate that will discount future branded earnings to a present value.
- The score is composed of ten metrics.

### 3. Managing Brands

# House-of-Brands Strategy



# Branded-House Strategy



# Brand Hierarchy: Pros and Cons

## House of Brands

### Pros:

- Allows more positioning opportunities (including some conflicting positions)
- Makes acquisitions easier
- Corporate name is protected from negative news with brands

### Cons:

- More expensive and complicated to manage
- Lose benefit of big brand

## Branded House

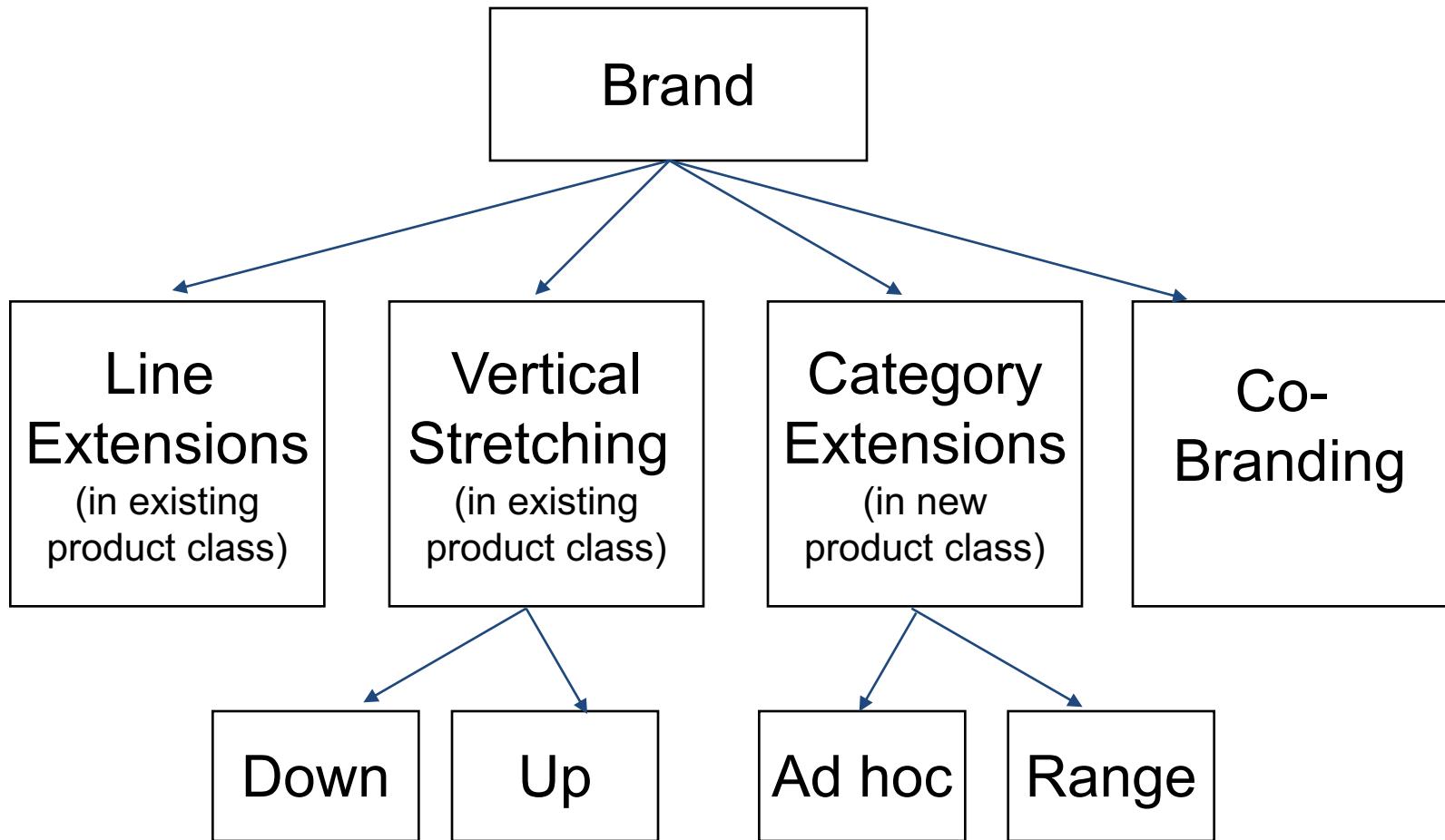
### Pros:

- Efficiency of communication
- New acquisitions or products have instant credibility
- House size is seen as bigger – may impress customers and deter competition

### Cons:

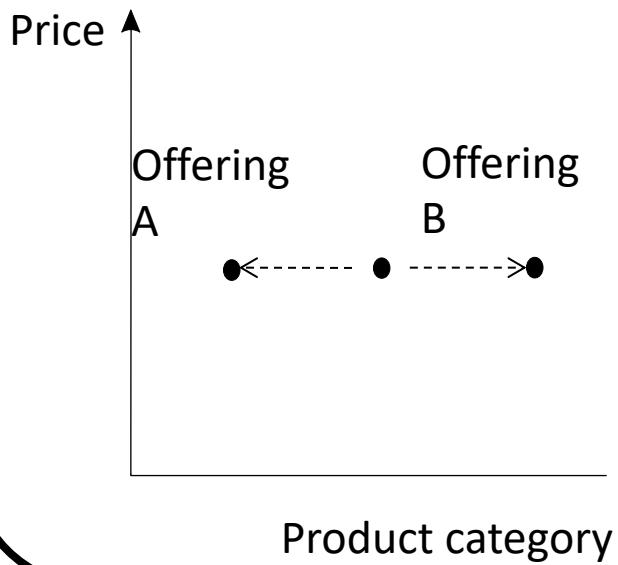
- Risk of dilution or ambiguity
- Bad news affects all products
- Management talent may wish for more autonomy

# Leveraging the Brand



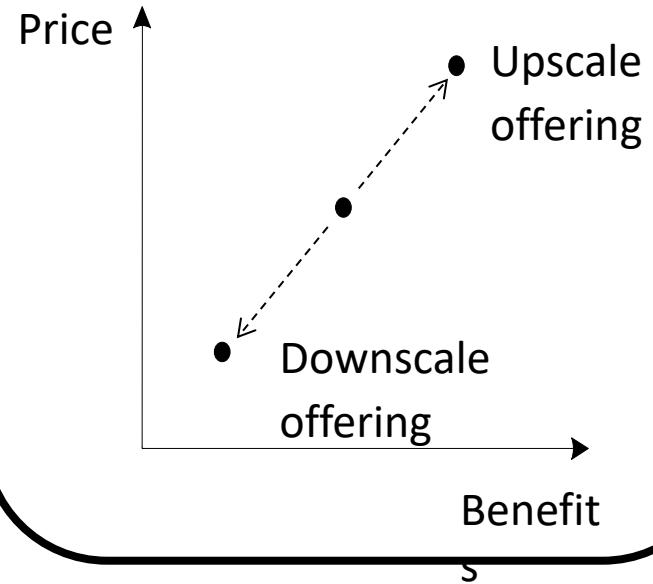
# Brand Extensions

## Horizontal brand extension



(Often, different category  
at a similar price)

## Vertical brand extension



(Greater benefits at  
a higher price)

# Takeaways

---

- **Understand how brands create value for both customers and companies.**
- **Measure and monitor brand equity. Use multiple methods.**
- **Manage brands:**
  - Leverage brands through brand extensions.
  - Not Easy, but Reposition to keep relevant.