

**Brands and brand management**

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## **Abstract:**

This article elaborates on the subject of brands. The understanding of brands has changed along with the times and economic climate. The change requires companies to shift their thinking of brands from a marketing-oriented function to a guiding principle that involves every aspect of the organization. Modern brand thinking no longer revolves around tangible brand attributes such as logos and colors, these merely make up the visible brand.

Every new brand need to position and brand itself as a company that can deliver significant added value for the customers, through expanding the service model of traditional advertising agencies. The brand includes the company to advocate transparency and diversity, Visible communication, and points of contact with the company. From the website to the office and the tangible products. Brands are required to be consistent and viable.

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## introduction

Brands are in stores, in advertisements, television commercials and with the internet, they are everywhere we look, while browsing through the vast networks of our interests. Brands are extremely fascinating. Most companies recognize brands but fail to see the true essence behind the brand or the reason for their purchasing behavior. Many companies see branding as a process that involves only tangible aspects such as the visual appearance of a company.

However, the definition of what a brand is and how they are managed has changed in part because the economic environment has changed to emphasizing more immaterial aspects of business. The emergence of this immaterial economy has made brand management a concrete tool for business development and gaining strategic competitive advantage for companies. Most brand studies and theories are directly related to managing the brands of large corporations or organizations. However, the importance of brands as a competitive weapon should be realized by both small and medium sized companies (SME's). The thesis will focus on breaking down the process of branding and developing a brand strategy for a small company, using modern resources available in online media and offline communication as well.

Everyone is driven by brands and the values, emotions, promises and quality hidden within the brand. Brands are so much more than just a name, which has been recognized by many corporate leaders, who have adapted complex and fundamental brand management strategies to drive their companies and their brands towards success. The process of brand management has grown in importance and the way brands are managed has changed. It is not only a role of the marketing department but of the top management of the company. Brand management is also a process that involves every part, bit and employee of the company to capture the true essence of the brand

The theoretical background for brands and branding has been gathered from a variety of books, articles and websites that involve the science of branding. They have been used to illustrate what brands are, how they have evolved and why and what value they have. They also show how brands are managed in today's world and what steps a company needs to take when seeking to establish and develop their brand and how they consider brand management as a process. The background information has also been used to combine aspects of different views on branding in order to find a modern and functional brand management theory. It involves identifying key points in the methods and theories and finding negative aspects of them as well, in order to provide an accurate representation on reality.

A number of books about brands and branding, scientific articles, reputation building books and other published works have been used for the theoretical background. A bulk of the practical information comes from more empirical research from actually working in the advertising agency. This information has to do with the competitive environment, current fundamental building blocks of the company and strategy, future long term and short term objectives, ideas on how to make this plan as feasible as possible.

The information of the current brand image is extremely crucial in examining the brand and how to develop the brand strategy. Creating a clear and concise brand strategy also relies on first hand information about the company and its core competencies and organizational qualities.



# What is brand?

The word brand, derives from the practice of branding. Farmers and cowboys alike used a steaming hot branding iron to burn the initials of the owner on livestock. This enabled farmers to recognize their own cattle and buyers to distinguish the cattle of certain farmers from other, possibly inferior ones.

Many sources have their own description for the word brand and that definition has changed over the course of time quite dramatically. At least in the view of some modern experts on brands and brand management. The American Marketing Association (AMA) states that brands are a name, sign, symbol, design or a combination of them that are intended to identify products or services of one seller and to differentiate them from those of another seller. This definition includes many traditional elements of brands such as the factors related to visual identity and clear external elements associated to companies and brands.

The previously mentioned definition of a brand has been the principle concept behind how corporate leaders, stakeholders and employees understand the brand. The concept has been in the general understanding of people for nearly a century. However, the concept requires refining and development into more modern standards and definitions. The American Marketing Associations definition is still valid, but many adjustments need to be made to it in order for it to become feasible for a company operating in today's economy. The evolution of brand thinking is evident in the old definition of a brand that can be found in *The Pocket Oxford Dictionary of Current English* (1934), that defines brands as particular kinds of goods, as an indelible mark and stamp.

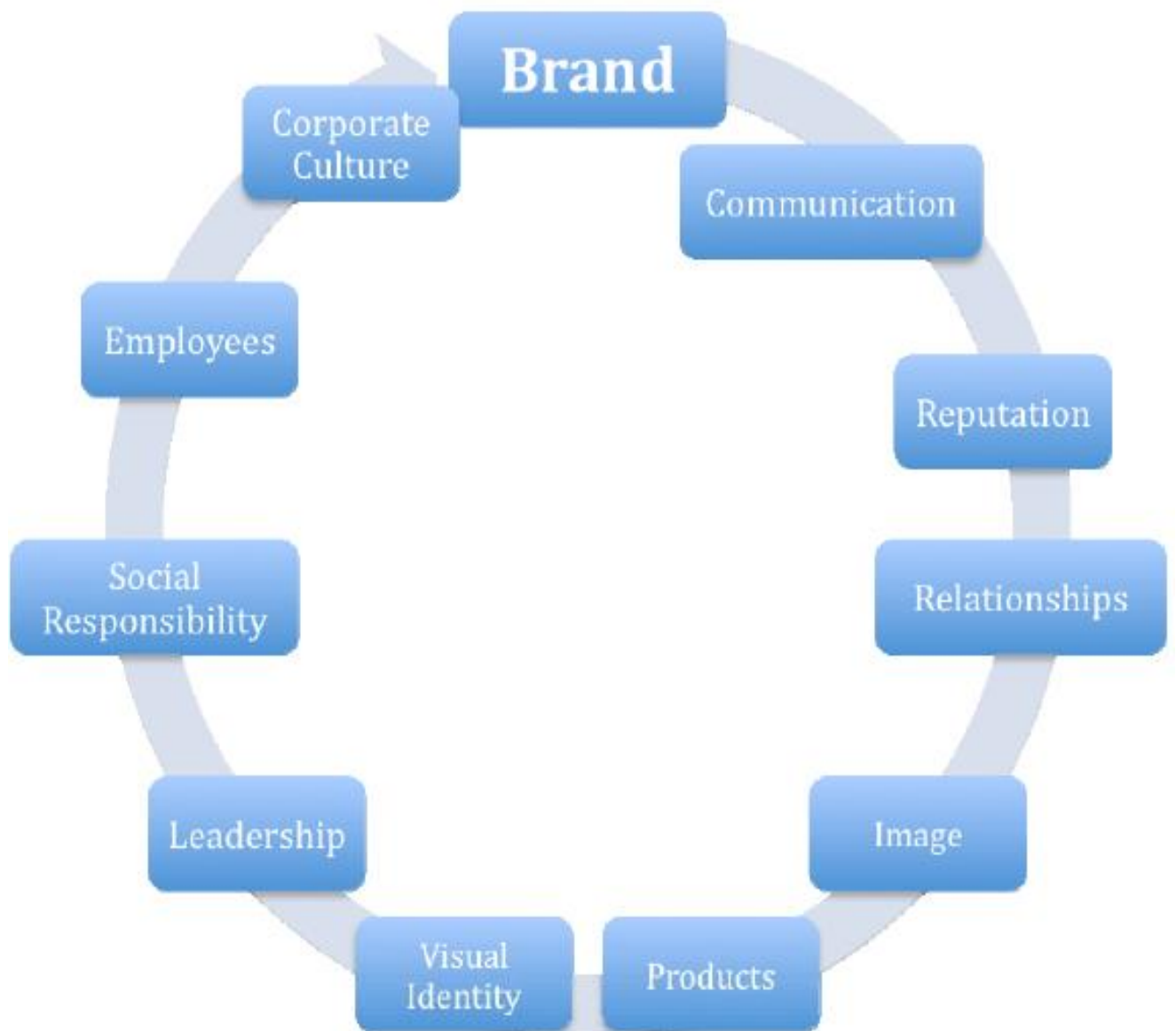
A different approach and definition is provided in *Radikaali Brändi*, by Nando Malmelin and Jukka Hakala. They state that a brand is no longer comprised by just these elements mentioned by the AMA. By their definition brands are not only tangible representations of a product, service or company, but hold within them many intangible elements that are more difficult to measure.

According to the new, more holistic definition of a brand, they are no longer a marketing-driven and advertising driven concept, but a more comprehensive concept that incorporates everything a company does. A clear evolution can be seen in the theory of brands from the previously mentioned definitions. In the 1930's the brand was considered a particular trademark or logo. It was a tangible representation of the product and whom it belonged to. The 1980's definition of *The Oxford American Dictionary* states a more commercial view with defining a brand as goods of a particular make.

Brands are somewhat obscure by definition. Some suggest that the term incorporates everything a company does and stands for and some take apart the concept into smaller, easier to measure, sub-categories. These sub-categories are related to the company, company leadership, employees and all identifiable attributes of the company. Even though there are many different approaches and views on what brands are, it has been stated that the concept is highly dynamic and prone to change by nature. A brand is not only something that incorporates the product, name, or logo. It is a concept that drives the whole organization and thought processes associated with it. It combines communication and action (*Radikaali Brändi*; Malmelin, Hakala 2008).

A brand is a combination of corporate behavior and values, the technical functionality and quality of products and the intangible promise the company instills in their products for customers. It is a combination of tangible and intangible attributes and seeks to create a positive connection with the customer in order to create incentive for customers to use the products of the company in the now and in the future.

An effective brand is a tool for the company to communicate with their environment. A properly managed brand also provides investors with a sense of future profit-making ability and increases the financial value of the company. Brands can also be associated with a single company, product or organization. To illustrate this one can think of Procter and Gamble, which is a famous corporate brand. The P&G brand has a lot of meaning in the corporate world and among employee candidates. However, they offer a wide range of consumer brands, which are related to their products. Regardless of whether the brand is consumer, corporate or both, they incorporate the same elements and the same theory applies to them. The process just becomes much more analytical, difficult and expensive.





### 3. What elements form the Brand?

#### 3.1 Corporate Culture

According to the holistic approach to brand management, the brand is the central building block of everything that an organization does. It is the guideline for all corporate behavior, whether it be external or internal. As part of the internal aspect of an organizations personality, they have a specific corporate culture. This corporate culture represents accepted norms, rules and behavioral models associated with being in that company. For example Google is considered a pioneer of online technological development. The company portrays an image as a driver of innovation, which can be seen in the pictures and employee backgrounds they provide as well as from articles they publish on what life is like working in Google. The company headquarters is also referred to as the Google Campus or the Googleplex. Campuses are usually connected.

with universities and can be seen as open places where knowledge thrives with a youthful eagerness or even idealistic way of life. Google considers its employees its most important asset and clearly depicts this on their website. The website provides insight into the working conditions of Google, where employees are given opportunities to enjoy the time they spend at Google and help them to keep their ideas fresh through sports, reading, playing games. Google clearly incorporates work and play in their work ethic and drives an innovative atmosphere through this youthful approach. A negative aspect of this strategy is that many hopeful employees may see Google as an employer that emphasizes personal hobbies and having fun more than being productive. The opportunities provide to employees can also have a negative influence on the amount of time they put into projects and how they focus on their occupation. The information about Google's corporate culture is published on their corporate website.

#### 3.2 Employees

Employees of a company or organization are usually one of the first contact surfaces to the customer or user. A customer looking to purchase a car will march into a licensed dealership and talk to a salesperson about buying a car. The behavior of this employee will act as an extension of the car company's service and reputation. In a way, the salesperson will become an ambassador of the brand, at least in this situation. The customer will listen to what the salesperson says about the vehicle, how he behaves, how the customer is treated and what kind of general projection of knowledge and service the salesperson portrays in his behavior. In many service industries the emphasis of employee behavior to portray brand values and act as brand ambassadors is even higher. In advertising, the client will be in contact with a representative of the advertising agency, whose most important role is to make the potential customer to feel like their needs are being understood and his objectives will be fulfilled. The agency representative should be the ultimate manifestation of the brand. A living, breathing and talking embodiment of all brand attributes, values and brand image.

Therefore it is imperative for organizations to realize the importance of their employees' role in creating and managing a brand. The role is ever more important as corporations seek to become more transparent and create competitive edge by emphasizing trust between the organization and its stakeholders. Employee training is a key tool in managing this element of brand management. Training to fulfill customer needs and to fulfill the ultimate brand promise will

result in customers experiencing the realization of the promise that a brand makes. This will work in conjunction with all other elements that make brands what they are. None of them act efficiently on their own and require top to bottom understanding from the management.

### 3.3 Communications

Modern brand management and branding are often defined as integrating all functions of the company to develop a way to effectively communicate the brand to the target audience. As described by Malmelin and Hakala in *Radikaali Brändi*, brand management for modern companies is about integrating marketing and communications in a way that all aspects of the company are in line with the brand. Brands communicate with stakeholders and the target audience on many different levels. The communication may sometimes be intrinsic and non-verbal, which means that it may be formed by e.g. the imagery and visual elements associated with the brand. Brand communication will be discussed more in detail in a following chapter of the thesis. At this point it is important to note that brands communicate all the time at every point of contact with the target market, whether the company realizes this or not. Because of the communicative nature of brands, it is highly important to realize this in order to provide an accurate communication of the brand promise and brand experience.

### 3.4 Leadership

Company leadership and management form a large part of brand management through their actions. Modern brand management is no longer just a marketing-oriented action or phenomenon, it is a strategy and mindset adopted by the whole organization, from top management to the lowest level intern. *Brands and Branding* argued that the CEO of an organization is the person who should be considered most responsible for the brand and making decisions inline with the brand. CEO's are in that sense brand managers. This new notion comes from the alteration of brand management theory with the emergence of holistic brand management.

Leadership portrays significant views to stakeholders such as investors: the belief that the leadership of the organization has the proper capabilities to steer a company towards future profits and growth is driven by the perceived level of competence and know how. This is added with their leadership actions in their current position, and the resulting outcome will portray some type of experience the stakeholders will have of them. What type of image and feeling do they portray as leaders and how well this correlates with the brand and the brand promise. These are important issues for managers when seeking new employees and especially when they are hiring new senior management. Sometimes a brand can become an embodiment of a person, most likely the founding person of that company who first brought it into a successful light. Apple has had this happening to them and the effects of it could be seen in the share prices decreasing when news and speculation arose of CEO and founder Steve Jobs' poor health. To sum up it can be said that companies need to become aware how are they being portrayed by their employees and leadership and what type of management style and decisions would best portray the brand externally to the stakeholders and target market.

### 3.5 Reputation

A company's reputation may be negative or positive, all depending on whether or not branding has achieved the established objectives. Reputation resembles a brand but should not be confused

with it. The reputation is not a synonym for a brand but it is an outcome of fulfillment or non-fulfillment of the brand promise and resulting in a certain brand experience. This brand experience is then communicated with other customers, which can increase the brand's value or work against it. Reputation means that there is discussion on the performance of a company, whether in a negative or positive form. Proper brand management understands the importance of the reputation and will use this as a tool for brand performance evaluation. Strategic reputation management has also become a new model for brand savvy professionals. Strategic reputation management has similarities and correlations with effective brand communications, using mediums that connect with the target audience on a personal level. However strategic reputation management is a much more broad management tool than just communicating. As mentioned earlier strategic reputation management is an excellent way to evaluate, develop and monitor perceived brand performance and experiences by customers.

### 3.6 Image and Visual identity

A very important element of a brand is of course one of the most traditional elements of marketing and creating a certain image for the company. The design and visual elements used by companies can be used to portray certain values and traits through the psychology of color. Different colors have alternate meanings for people and the use of these is a common method of communication in a more subliminal way. Subliminal communication is the dark art of communicating with the target audience in a way that their consciousness will not notice it, but their brand will, resulting in a form of emotional connection that people do not notice. As a matter of fact, some may argue that this is the objective of all marketing, to influence consumer behavior in a subliminal way.

The company image may be built by the use of colors and images. However, they cannot be used as synonyms for a brand. They are essential tools for creating a certain type of brand and should be discussed in detail in a brand strategy, but they are not all there is. As mentioned earlier it is merely one of the elements that the brand comprises of. An image and visual identity are often used interchangeably, but I consider them to be different from each other. A visual identity is something a company seeks in their imagery, logos, websites et cetera and an image has more to do with the actual experiences of the viewers and target audience. These are both highly important aspects of brand management and should be developed as a part of the brand. One of the key tools for creating and developing the visual identity is the style guide, which combines different styles, fonts, logos, usage of logo and colors.

### 3.7 Products

Past definitions of brands were centered on the product and product positioning. The view was rooted in the idea that brands were all about marketing and advertising. This former view of brands is alive and kicking in some companies, especially when observing actions of SME's. However, brands are no longer solely about the product. They are a matter of all aspects related to it. Products and positioning do play an extremely important role, though. A brand promise will contain different levels of benefit that the brand promises to the user or customer through the product or service. For example they will offer functional benefits and technical qualities. This can easily be seen e.g. in the advertisements of different shampoo brands and how they portray the functional benefits of their shampoo. This is also a positioning statement for the brand and will be used to communicate to a segmented audience. A good example is Head and Shoulders shampoo,

which is primarily targeted to men who have issues with dandruff and dryness of the scalp. In short, product positioning is a significant element of a brand but is no longer the most important element along with advertising. Even an excellent product will not succeed if all the other elements are not inline with the brand and its promise to the customers. Product positioning is still a key element in the branding process, not regarding the fact that it is related to marketing. Marketing is a key element of branding as well.

### 3.8 Social Responsibility

These general factors define what brands are, or what brands are comprised of. The composition is very important to understand as it also provides a frame of reference for the thesis and approach to the subject. Brands are an eternal source of debate as experts argue about what they comprise of and how to define the smaller attributes and details of them. In order to construct a working brand strategy for a company, the identification of these factors is imperative also to provide a fundamental understanding for company management as to how their decisions and business tactics will influence the brand.

## 4. Short History of Brands

Brands have a long history. They are not something that was created in the process of industrialization or the emergence of the capitalist market economy. They are rooted much deeper in history than that.

Through their studies, historians have identified the first brands in ancient history, in Rome. A popular occupation and means of gathering wealth in ancient Rome was to manufacture clay pots and sell them in markets. Of course, as clay pots were fairly simple to make the supply was extremely high. The clay pots of different craftsmen differed also in quality. The craftsmen sought an answer to this, which led to carving their initials on the pots or other objects that they made. People began to notice and recognize the pottery of different craftsmen and started to seek out particular ones, made by a certain craftsman.

It is there, in ancient Rome, where brands and the practice of differentiating a product from others on the market emerged. The first signs of brand loyalty were also in this time, where people sought out the clay pots made by a particular craftsman. Why did they want to buy those particular craftsmen's pots? Because they recognized the initials, or the brand, and immediately knew that they were of better quality.

The essence of brands is clearly visible in the practice by ancient Romans. A brand is something people recognize and immediately associate certain values to. Even though brands are much more complex and the process of brand management has evolved highly in the last century, it is clearly rooted in the early potteries of Rome.

Because brands were identified in ancient Rome, it does not mean that brand management has been similar for centuries. Brands have become a recognizable competitive tool for companies only in the quite recent future. The official starting point of companies actually investing into their intangible assets, such as their brand began in the 1870's, when laws on trade marking were changed, so that companies could legally protect their brands. If laws could not protect the immaterial rights of companies, they could be easily exploited, stolen or sabotaged by others. Only by having real ownership of the immaterial rights, patents and trademarks, it can be considered a sound protocol to actually invest in them (Radikaali Brändi, Malmelin, Hakala)

Coca-Cola, McDonalds, Nokia and Google although different in their fields of business, have something significant in common. They are all among the worlds most recognized brands. They all managed to reach high positions on the list of the worlds best brands in a study conducted by InterBrand. What do they really have in common? One aspect of the traditional view of branding

is company age. Strong brands are commonly old companies, which have established the position through time. This premise holds true for many of the companies on the top brands list but what about companies such as Google? This illustrates a new phenomenon that has been brought by the increasing number of high technology and constant information flow. Society has moved into a more online era where information is readily accessible by anyone and is shared between everyone. Good news travels fast, even though bad news spreads even faster.

The word brand has become such a phenomenon that there exist a plethora of different, often misleading, definitions for it. Some people recognize brands as the name of a certain product or trademark, others say that brands have to do with the company behind the products', others define brands as the big picture and the idea or premise that defines the legitimacy of the company. In actuality brands are all the above as already discussed in the first chapter where the term brand was described.

## 4.1 Why did Brands emerge?

They first emerged as a means of differentiating one product from the other, because of the inherent differences in the quality of the products of different makers and craftsmen. The purpose of brands has remained quite the same, even today. They exist so that consumers immediately know what they are going to buy. They represent much more than just the name of a company or product.

It is argued in the book *Brands and Branding* by Clifton, Simmons, Et al. that brands have enabled the capitalist market economy through making consumer choices and loyalty possible. They have had a significant role in creating wealth, which enables further spending and economic growth for both individuals and corporations. They suggest the capitalist world is driven by brands and that they are also important in technological, medical and humanitarian development. As said, not only profit-seeking corporations can have brands, also humanitarian organizations such as the Red Cross and Unicef have a clear brand, which helps in spreading the message of their work in developing countries or in areas of catastrophe or war.

It is clear that consumer loyalty is made possible by brands. If all products, for example on the shelves of stores, were generic goods, consumers would not know how to differentiate them from each other. They would not be able to stay loyal to certain products. Companies making excellent quality products would not have a way to create customer loyalty and increase their repeat sales. Companies would remain nameless and faceless and no true customer relationships would be formed. Many argue that dominating multinational corporations and brands are to blame for the unequal distribution of wealth and many of the problems that lie behind globalization. However, *Brands and Branding* argues that brands have increased the motivation to become socially responsible and to become advocates of sustainable development, helping the development of working conditions in third world countries and helping to feed countries that lack the resources to do so themselves.

For example Nike had quite a scandal for supposedly using child labor to manufacture their products in third world countries. Even though this was their past, Nike has gone forward to being one of the main advocates for developing working conditions in factories located in third world countries to instill more western and approved working ethics into them. As many countries lack the official legislation or capability to supervise such things, global brands have intervened to keep their own processes and operations in close control with their tight quality and ethical standards. Today, global brands are at the forefront of developing Corporate Social Responsibility (CSR) and the pioneers are highly involved in corporate social leadership, though which direct action can be taken towards reaching a more proactive method of maintaining and encouraging others for more ethical operations, though out their markets. As a conclusion, brands emerged to address the need for products and companies to have a recognizable identity. An identity that



instills all the values, quality, functional and emotional benefits and aspirations into the products name. This is what brand management is about. Matching consumer expectations with the total experience of dealing with the company and product in question. Creating a promise and delivering on that promise is the key to brand success.

#### 4.2 Various types of brands

Brands are not all similar. They can be divided into different categories based on what they represent. A brand can be corporate, such as Procter & Gamble or it can be consumer such as Colgate. One company may have ownership of several consumer brands that represent products and it can still have its own corporate brand identity that is reflected in employment, investor relations and corporate communication.

### 5. Brand Management: A Holistic vs. Traditional Approach

Manufacturing or industrial companies have tried to achieve cost leadership through minimizing costs in their processes, others have strived to gain the business of a certain segment and using a focus strategy. However, out of the strategies for creating competitive edge, the most customer-oriented is the differentiation strategy. Michael Porter describes this as one of the main generic strategies for gaining competitive advantage in *Competitive Advantage: Creating and Sustaining Superior Performance*. It involves differentiating the company's products or services from the existing ones through added value, generated by e.g. implementing processes that are aligned with sustainable development, or creating customer loyalty through differentiating the existence of the company as something different. Other generic strategies are cost-leadership and the focus strategy. Holistic branding brings an organization-centric approach to branding, where the brand is built by every day communication and activity. This is highly different from the common or traditional approach, where branding involves the tangible and visible elements of a company or product.

It is commonly thought that creating value for customers and portraying a specific image of the company is the sole responsibility of the marketing function. However, today consumers are highly aware of what they buy and which company they support. Brands have received much critique over the years because some say that brands portray an untruthful picture of a product or company, they are misplaced from their true context and that they increase the amount of consumer materialism and non-useful spending. One of the main advocates of the negative sides of brands is the author Naomi Klein, who wrote the book *No Logo*. Traditional views on branding do not involve the whole company as such. In this view branding is the responsibility of the marketing department, a way to increase sales for the company through the pre-selling the product with ideas and mindsets.

This premise still holds true but needs to be extended into incorporating the whole organization. A working example of this is the failed launch of the new Ford Edsel that attempted to achieve greatness with large hype and consumer interest. Even though consumer interest was significant, the model could not live up to the hopes and dreams provided by marketing.

Overpromising and under-delivering is still a problem for companies that have not woken up to realize the importance of a holistic brand management process. The holistic approach is only another term in the sea of terms for a modern definition of brand management and understanding of brands. This is clearly the future and small organizations should follow suit with multinational corporations in their brand thinking.

A brand should be the embodiment of everything a company represents and stands for. This notion is also supported by the integration between marketing and communication. It is a recognized fact in brand management that one of the main tools that organizations and companies' use is communication. Communication is and should not be the responsibility of one department or any single function of the company. Communication is a process that uses the brand as its guiding principle and is involved in every part and form of the company.

According to the holistic view on brand management, the brand is the backbone, central guiding idea and the "DNA" of the company. Every detail of the company has to be inline with the brand in order to deliver maximum value to the customer. The holistic view has changed the way brands are managed, not by a single part of the company to portray something that may or may not be true, but to portray something that the whole company lives and breathes. A holistic view requires companies to understand that to reach their goal of creating and maintaining a successful brand every function of the organization must take part in the process. The ultimate embodiment of the brand is the central governing figure, the CEO and all the employees of the company.

In the past, brands were always related to the marketing department. The only method of branding came through advertising. This created a view that brands do not have any return or it was extremely difficult to measure. The traditional view on branding would also consider it a heavy cost for a company, resulting in undermining its importance. Even though times have changed, this same mentality still exists in more traditional companies where the management may not be as enlightened on developments in this sector. Many companies still fail to realize the point and importance of the brand.

Through the employees of a company, customers have personal contact with the brand. Brand alignment should be a crucial factor for selecting employees for the company as well as organizing training for learning the best practices on how to provide service and communicate with customers that best portrays and delivers the brand experience. Employee selection should consider the personality of the company and match that with the candidates to find people who fit into the company profile both in their skill set and general personality.

Internal processes, communication and marketing have a crucial effect on the external brand experience, how customers think the company performs and how well they live up to their promises. In short, for companies to create and maintain a successful brand their total brand process must be inline with internal processes.

## 5.1 Brand Communication

The holistic view of branding has highlighted communication as an integral part of the brand management process. Everything a company does as a part of managing its own brand or one of its branded products involves communication.

Brands communicate with a wide variety of audiences. Advertising is one method of communicating the brand to the target audience, with the objective of increasing sales and enable consumers to become more of the brand and what it represents. Even though many companies seek to increase its sales through their advertising, it has been argued that the main purpose of advertising is not to increase their sales by itself, but to increase the overall "sale-ability" of the brand. This simply means that the purpose of advertising and advertisements is to communicate with their target audience in a way that forms a positive connection with them and acts as a sales driver.

Companies that are managing brands or have recognized the importance of brands also realize that consumers will be inclined to purchase products of a certain brand or from a certain branded company that they have positive feelings for and feel connected to in an emotional and fundamental way. As stated in *Radikaali Brändi* by Malmelin and Hakala, communication is often

misunderstood as a dialogue between a company and the media and stakeholders. It is more integrated than ever. Companies communicate both internally and externally, they manage their networks and relationships with stakeholders and investor's, communicate with their environment in a way that most suitably portrays everything the brand stands for. All communication should be driven by the brand and how it should be managed. Therefore one of the key tools in brand management is developing and using modern, integrated marketing communications in a way that most suitably communicates the brands promise, values and fundamental philosophy to all affiliates.

It is a well-known fact that communication forms the majority of branding. However, it should not be considered as a short-term sales driver or a tool for increasing short-term profitability. If companies were to cut their investments in communicating their brand.

their short-term profitability would most likely increase. This is due to the reason that successful communication has a good long-term return-on-investment (ROI).

Communication is an excellent tool for creating long-term brand equity. As previously mentioned, the purpose is not to increase short-term profitability but to create achieve a position in the minds of the consumers that will live on, even through adverse and volatile economic conditions. Increased brand equity creates a buffer for companies, through the psychological incentive that it creates for its customers to support the brand. Long-term equity will also form a barrier or buffer for dealing with a number of other negative factors such as bad publicity.

Major audiences for brands' communications' are shareholders and potential investors. A company's share price is determined by the market. The market consists of people; consumers, investors and shareholders. This market will rely on the same fundamental principles to drive their share purchases as general consumers. Investors will require a strong belief in the brands profit generating ability, their products, morals and principles and leadership.

An excellent example of a brand that has excelled even in an adverse economy is Apple. Apple has such a strong brand that their share price has increased significantly. The customers of Apple have developed such a connection with the brand that they consider it to reflect a part of their personality. The brand has become an extension of its consumers and vice versa, through effective branding by excellent communication in all aspects of the corporation.

Communication is everywhere in a company, from the corporations CEO to every single employee of the company. Every employee or affiliate of the company is a representation of the brand and what it stands for. Every point of contact to the target audience is a highly important as it all reflects the brand, thus making communication a large part of the holistic brand management process.

## 5.2 Brand Failure

Brands can inhibit the performance of companies if they are not properly managed. For example, one mistake a new company can make is to undermine the importance of the brand and dismiss establishing a brand. Matt Haig points out in his book *Brand Failures: The truth about the 100 biggest branding mistakes of all time*, that brands usually fail because they break the established bond between the brand and its customers. What the company fails to realize is that if it is not of managing the brand, the brand will manifest itself in the minds of the consumers, stakeholders and general public. A brand will be created but it will not necessarily be the type that the company would like to be seen as. Failure to act in a proactive way when dealing with branding will result in a negative impact on the company. Holistic branding has increased the pitfalls of branding because of the increase of the brands importance. A common error is to combine brand myths with reality. These myths include notions that a good product will be sufficient for success, a good brand will build itself or that a brand does not need any managing.



Companies may also try to rebrand themselves as something different. This holds risks and not all who try, succeed. Brand failure can also relate to the traditional view on branding in the modern business environment. In the traditional way of thinking, branding has been a concern of the marketing department and advertising agencies. A valuable brand can be a great asset to a company, but they also hold many traps. One example of a branding failure is Coca-Colas New Coke in 1985. The company tried to alter the formula of their successful beverage, but experienced significant losses because consumers had such a nostalgic feeling to the taste of Coca-Cola. This is the result of insufficient understanding on consumer trends and why the brand is successful.

Branding can be harmful if the company is being branded on the wrong basis. This includes branding on price, level of service or quality. If a company is branded on price, the basis of customers choosing that company over another is very superficial. They are only interested in the price that you offer and will be happy to pick another company next time. Quality and service levels are not something that a brand promise should be built upon, after all, they do not build a sustainable competitive advantage.

In the traditional approach to branding, companies treat the brand as a visible and tangible element. It is considered a stamp to the exterior of the company. This view does not prevail in holistic branding, where the brand derives from within the organization. Therefore companies may encounter problems with their brand if they consider it as only an aesthetic element.

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## 6. The Branding Process

Branding is about shaping the customer's experience with the brand. Every company has a brand and their customers have a certain brand experience that they have formed by doing business with the company. This premise is true for companies both doing business with individual consumers and companies. A successful brand and strong brand position also makes it possible to keep the products premium priced, as consumers have such a strong connection with the company's products that they will purchase them regardless of that fact. An excellent example of a strong corporate brand and individual product brands is Apple. Their electronics are highly successful and continue to make record sales, even during a recession. The iPod has become a synonym for the mp3 player, even though they are priced high. Apple computers such as the iMac and MacBook are also in the same category, with slightly less of an advantage over competitors' computers. These computers are priced at double the rate of the competitors' equivalents and still manage to sustain excellent sales.

Branding is all about communicating brand values and attributes to the target audience. This means that the company doing the branding must have a working knowledge of the fundamentals of the process and how to go about it. They must realize all the different elements that brands comprise of and how they communicate the brand. Proper knowledge on the target audience should also be known.

## 6.1 Creating a Brand Strategy

A brand strategy is a strategic decision-making tool that should not be confused with a marketing strategy. A marketing strategy defines how the products and services will be sold to the target market. The brand strategy will involve the marketing strategy but will also go beyond that. As marketing is about communicating with customers and the market, the brand strategy focuses on what type of brand image and personality will be communicated, to which audiences and how will they be communicated with. The brand strategy will be used to define how the company will improve their internal communication as well.

### 6.2 Step 1: Building the Brand Strategy Around Core Values

When the brand strategy is being created it is important to remember that the proposition of it is very compelling, unique and attractive. The promise and proposition of a brand strategy is not only important to understand by company management, but the proposition should be reinforced and repeated throughout the whole organization and it should be repeated often enough that everyone in the company fully comprehend what the fundamental driving idea behind a brand is. The core values of the company are the backbone of the brand, which is logical, seeing as these define basic corporate behavior. The brand can only be built when the core values have been clearly identified in detail. This is the first step of creating a brand strategy – identifying the core values of the company.

### 6.3 Step 2: Research in the Brand Strategy

Thorough research will give the company important and much needed information on its target market, their market environment, industry and own strengths and weaknesses. At the very least, the company should do a thorough SWOT where they explore the internal strengths and weaknesses of the company as well as the external opportunities and threats posed by the industry, developments, trends and market conditions. A thorough competitor analysis is important in identifying how the proposition and brand of the company will differ from the competition and what strategies will be used to set it apart from them.

The company should use research to define and identify the habits and values of their target market. This will help to see patterns in shopping behavior and seek out ways to create an emotional connection with them. This fact also holds true for advertising agencies as their clientele are other companies or organizations and have certain criteria for choosing an agency to cooperate with in planning marketing communication. Through this research the company should obtain realistic and usable information on their customers and the competition.

At this stage a company should be able to list points of difference and points of parity for their brand. Points of difference are simple reasons for one company being different from the others in a positive way. They are the reasons why customers choose one company over another. The difference between the two is subtle but clear. The first being that points of difference is a one-sided analysis on how a company is different from others and points of parity analyzes how they outperform their competition in these areas and what kind of reasons customers value in their purchase decisions. These will be important tools for a company when they move on to the next step.

The information gained from the research will also give insight as to what media should be used for communicating with the target market and stakeholders in order to achieve the best results. In

short, the second step of forming a brand strategy is to conduct thorough research by which the company will seek to identify factors that may pose challenges or be opportunities for it. The more information on the target market, the better the brand can be positioned for this particular market.

Mistakes in research are highlighted in the history of bad branding. A prime example of how Coca-Cola failed at understanding the profound nature of the consumers' connection to their product, whose altering created large public uproar. Relative to marketing, research is an integral part of how the product should be positioned. This has a clear relation to the brand promise, as the positioning of the product will be directly related to it.

## 6.4 Step 3: Forming the Brand Promise

The brand promise is what form of benefit, emotional or functional, does the brand offer to its customers. The promise forms the bulk of the brand experience, as a company cannot promise something, which they cannot deliver. This was discussed earlier on in the chapter and it was mentioned that one of the biggest mistakes a company can make with their brand is to overpromise and under deliver.

The promise holds within it both the tangible and the intangible attributes of the brand. A successful brand strategy will lead to a success in the customers' brand experience, which is also a result of a well-defined and relevant brand promise. There are a significant amount of examples of companies that clearly promise something to their customers, both functionally and emotionally. The brand promise should be evident and consistent in all marketing communication that the company has with its stakeholders. Consistency is key in all branding activities.

The slogan is the short and most evident embodiment of the promise, combining all values and attributes in it. In terms of brand positioning, the slogan and brand promise are key tools. Brand symbols play an important role in how consumers recognize the brand. The tagline or slogan is important but is accompanied by a number of other symbols as well. The logo, specific music, colors or symbols all have specific meaning. Think of the Nike swoosh –logo or the Nokia tune. Through them the brand can reach a concrete position in the minds of the customer and create the emotional connection that all brand management considers its prime objective. One general and main characteristic of the brand promise is that it should feel extremely compelling to the target audience and strike at the nerve. In short the third step of the brand strategy is to form a brand promise that will fit in with the company's brand, its target market and be dynamic and adaptable to change.

Positioning the brand is an integral part of the brand strategy along with developing a working brand promise. Professionals conducting such research and brand managers involved with these elements should always remain objective and realistic in the promises, positions and research. A common human error is to see the brand in an overly positive and unrealistic light, making objective analysis difficult. It also results in bad decisions and can ultimately be harmful to the brand and profitability of the company.

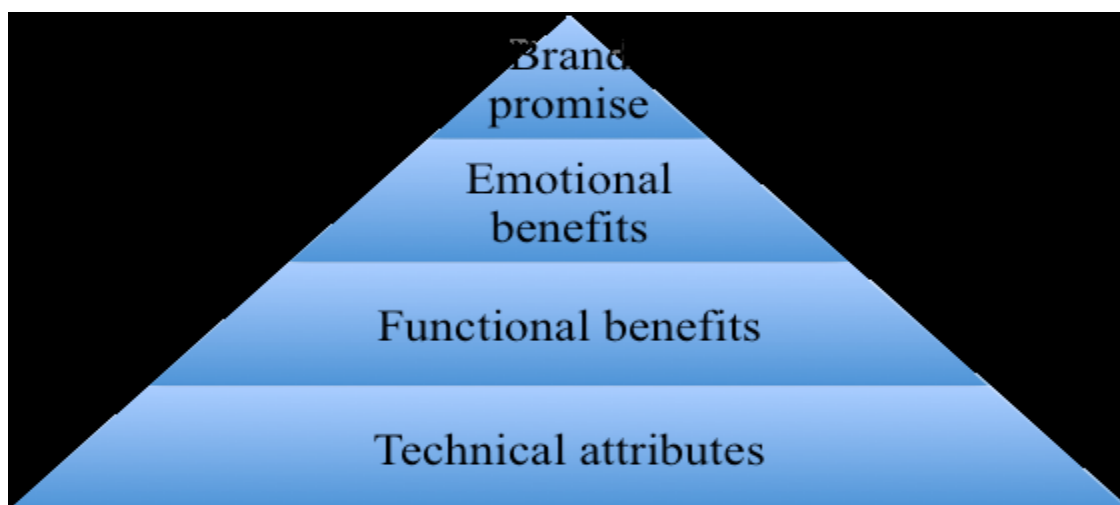


Fig 2.0 Graph courtesy of Max Koehnstamm from HES school of Economics and Business, Course: Marketing in Action Course

The brand triangle contains the elements that the brand promise contains. It clearly illustrates how different functionality and characteristics are combined to produce a brand promise. The pyramid can be used as a tool to realize how brands create their promise to the target audience. However, it should be noted that the brand promise needs to embody and represent the established core values of the company and the benefits should be correctly defined to reach the target position for the brand.

The following short list\* will serve as a checklist for the brand promise, from that it is easy to see what characteristics it should have and get a general idea of it.

1. Instilled in the brand's core values
  2. Clear, relevant and engaging to the target market
  3. Should have the ability to create positive emotional connections with stakeholders
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1. Repeated internally and externally
  2. Continually reinforced
  3. Consistent throughout advertising and marketing mediums
  4. Adaptable to the business environment and economic volatility
  5. Clear and agreed by the business partners

\* List provided by the Brand Identity Guru website listed in references

It cannot be emphasized enough that a brand should be highly consistent. The values and experiences for a successful brand should remain the same irrespective of the organizational level or business partner or customer. Also the understanding of the brand by all of its' stakeholders, employees and of course the target market. Strategic reputation management is an important tool and skill for managers when dealing with established brands and developing them. Reputation is a byproduct of a brand strategy and can be considered a result of branding, whether the reputation is positive or not. Many have said that a company cannot fully control their brand, they can only attempt to steer it into the right direction, try to be proactive and engaging and deal with issues and problems as and before they emerge.

Shaping and improving the customers brand experience is one of the main objectives of a successful brand strategy, because one of the basic reasons for a brand strategy is to devise a plan on how to differentiate from the generic competition and how to create such a positive emotional and mental connection with the customers that they will continue to choose your company over the others' time and time again. One of the key factors that was also slightly mentioned in the previous paragraph, is the consistency of the proposition and the promise that the brand makes. A consistent brand will not cause brand failure or confusion and will increase the attachment of stakeholders to it. Consistency in communication is also important that all employees of the company fully understand and realize the same fundamental principles and philosophy of the brand, what they promise to the customer in order to make it possible to actually deliver on that promise.

Many companies have failed in their branding process because they had flaws in their brand strategy. They did not frequently deliver consistent communication internally, within the organization or to the external stakeholders. This can cause the company to deliver a mixed message, an obscure promise that may manifest itself in very different ways for customers and can be potentially very harmful, which results in brand failure.

## 6.5 Step 4: Realization of the brand promise

The fourth step of creating a brand strategy is to put the concepts and plans into practice. A logical step is to form a means of communicating this brand promise to the stakeholders and the target market. This involves integrating the marketing strategy with the brand strategy and aligning them with each other. The marketing mix has an important role in the brand strategy as the marketing mix identifies aspects of external marketing and points of emphasis. The brand strategy then will try to seek out the best ways to actually communicate through them to achieve maximum results.

Developing the media mix as part of the branding process is a step that should not be forgotten. The media mix can involve elements associated with traditional marketing and media such as television, radio, newspapers and magazines. In addition to these traditional medias there are tremendous amounts of opportunities to communicate through online mediums, whether they involve social media, search engines, blogs, forums, online ads or the companies own website. Regardless of the composition of the marketing and media mix, the marketing communication content should always be aligned with the brands promise. Consistency creates strength in branding. Communication also applies to all other aspects of the subject perhaps in a more indirect and intrinsic form.

## 6.6 Step 5: Brand Audit

The fifth step is to measure how the brand is being perceived. A brand audit is a common method for finding information on how customers perceive the brand. The following graphical representation will provide insight into how a brand audit is useful and what it tries to achieve.



Courtesy Kevin Keller

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Graph courtesy of Kevin Keller's blog, Dark Matter Matters

Customers, partners, employees and other employees should all be surveyed on how they see the brand. In detail this would mean how they understand the brand promise and how what is their experience on the brand delivering this promise. As learned from previous chapters, overpromise + underdeliver = brand failure as stated in *Brands and Branding*. It is also important to measure how the target audience sees itself connected with the brand. Do they have a strong emotional connection to the brand or are they using your services for some other, more tangible reasons. Surveys such as these are important to conduct once in a while in order to keep developing and actually managing the brand.

## 6.7 Step 6: Brand Evaluation

Step six involves analyzing results against the brand and seeing out ways to develop it. Brand management is about constant movement, communication and finding ways to affect how stakeholders see the company. Proactivity is key and using research to develop is integral in the quest for brand perfection. Continuous development should be an ongoing process for brands, it is not a simple implementation process where the company does the work once, after which they enjoy the successful results. This can lead to a reactive stance to the brand, which in part will lead it on a path of destruction.

If a company becomes strategically reactive, they lose competitive edge and ability to adapt to industry changes, volatility in the economic climate and anticipating and forecasting technological or ethnographical trends. As time moves on, it is imperative for companies to review their brand strategy often enough to keep all decisions aligned with their brand and to make sure that their corporate communication is portraying the right brand image, delivering the correct brand promise to the customer.

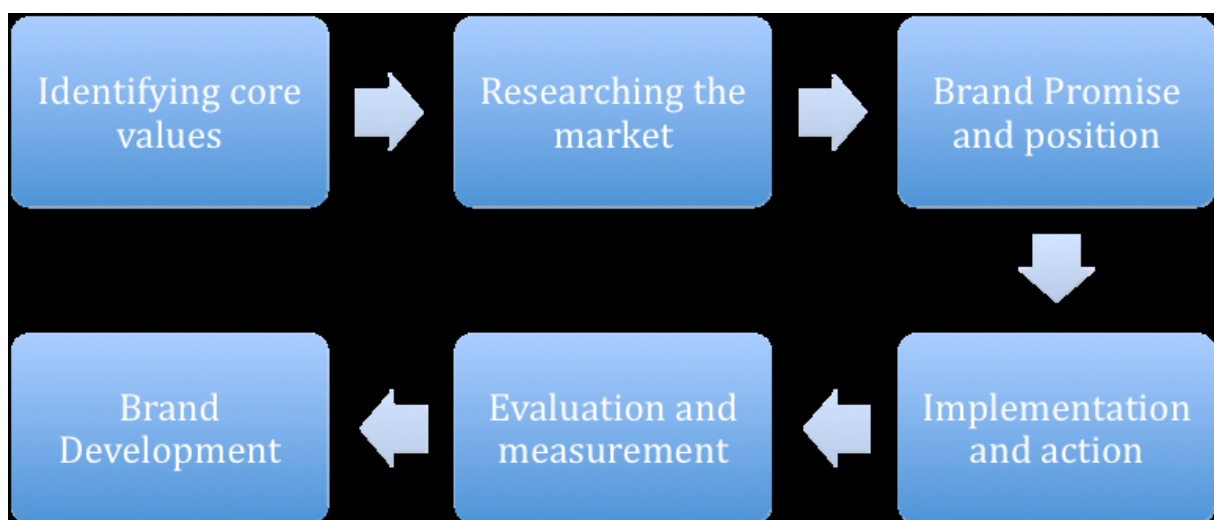


Fig 4.0 Created by combining material from *Brands and Branding*

The figure above provides a summarized illustration of the branding process in terms of forming a brand strategy and the steps that are involved with it. The steps of branding can be argued to contain more steps than this, and to a degree that opinion is also correct. There are more steps if the process would be broken down into even more small pieces and steps.

However, this does not provide the best tool and method for creating a brand strategy and managing the process thereof for a small company. As the emphasis of this thesis was to go through the theory of brands and branding, the resulting brand strategy put to practice should be cost-efficient to implement and on a smaller scale than for large organization



## Conclusion:

The main goal of the brand strategy is to provide tool that make communicating a brand image possible. In implementing the new brand strategy the priorities need to be kept in mind at all times. The first priority is to understand the brand, its position and its values. Related to this priority is to communicate and create a uniform perception on the brand internally, throughout the entire company. The company must reinforce its brand image in order to effectively communicate it externally.

The second priority is to communicate the brand effectively to the target audience through viable media and marketing methods. The communication of the brand is also done by every point of contact between the company and its customers. Throughout the future, the company will be required to review the brand strategy and adjust it if needed. Doing this is a priority as keeping up a consistent brand image will most likely achieve success and will help establish a connection with the customers. Constant development of communication methods and brand implementation is key.

By implementing a brand strategy and following its directions, the brand will be able to decrease the prevailing brand confusion within the company. Decreasing this will reinforce the brand internally and will provide that basis for accurate communication and make the realization of the brand image possible. However, every brand needs to perform regular brand audits, both internally and externally, in order to keep track of brand performance, which can lead to developing and fine-tuning the brand as a competitive advantage. The brand needs to become a daily discussion for every employee, which will be imperative in development and delivering the brand across its audiences.

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