

# MARKETING MANAGEMENT I

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HAYDEN NOEL



## Branding Overview



# WHAT WILL WE DO TODAY?

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What is a brand and how does branding work?

The advantages of a strong brand

What is brand equity?

Brand extensions

Evaluating Brand Extensions



# MARKETING MANAGEMENT I

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## Branding

What is a Brand and how does Branding work?



# WHAT DO YOU THINK OF WHEN YOU SEE THE FOLLOWING ...

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Timex Weekender (2013)



Patek-Philippe MG 2591 (2007)



# WHAT DO YOU THINK OF WHEN YOU SEE THE FOLLOWING ...

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Think Different.

Think-Different (2009)



# BRAND

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A name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors





# THE ROLE OF BRANDS

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Identify the maker

Offer legal protection

Create barriers to entry



# THE ROLE OF BRANDS

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Signify quality

Provide competitive advantage

Secure price premium





# THE ROLE OF BRANDS



## Secure Price Premium



Chef Boyardee (2016)



Tylenol (2016)





# IMPORTANCE OF BRANDS

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Brands embody a core promise of values and benefits consistently delivered

Brands provide clarity and guidance for choices made by companies, consumers, investors and other stakeholders



# BRANDING

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Endowing products and services  
with the power of a brand



# THE POWER OF BRANDING

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Apple-imac-ipad-workplace-606761 (2014)



# THE POWER OF BRANDING

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iPod shuffle family (2009)





# THE POWER OF BRANDING

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iPhone 6 vs iPhone 6 Plus vs iPhone 5S (2014)





# THE POWER OF BRANDING

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Apple iWatch (2016)





# BRAND EQUITY

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The differential effect that brand knowledge has on consumer response to the marketing of that brand



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# MARKETING MANAGEMENT I



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**Branding**  
Brand Equity



# LET'S EXAMINE BRAND EQUITY

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Looking at the following images

Please list some of the thoughts, feelings and experiences that come to mind when you think of these brands



# BRAND EQUITY

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My First Tiffany (2008)





# BRAND EQUITY

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**Brand Equity** has three main elements

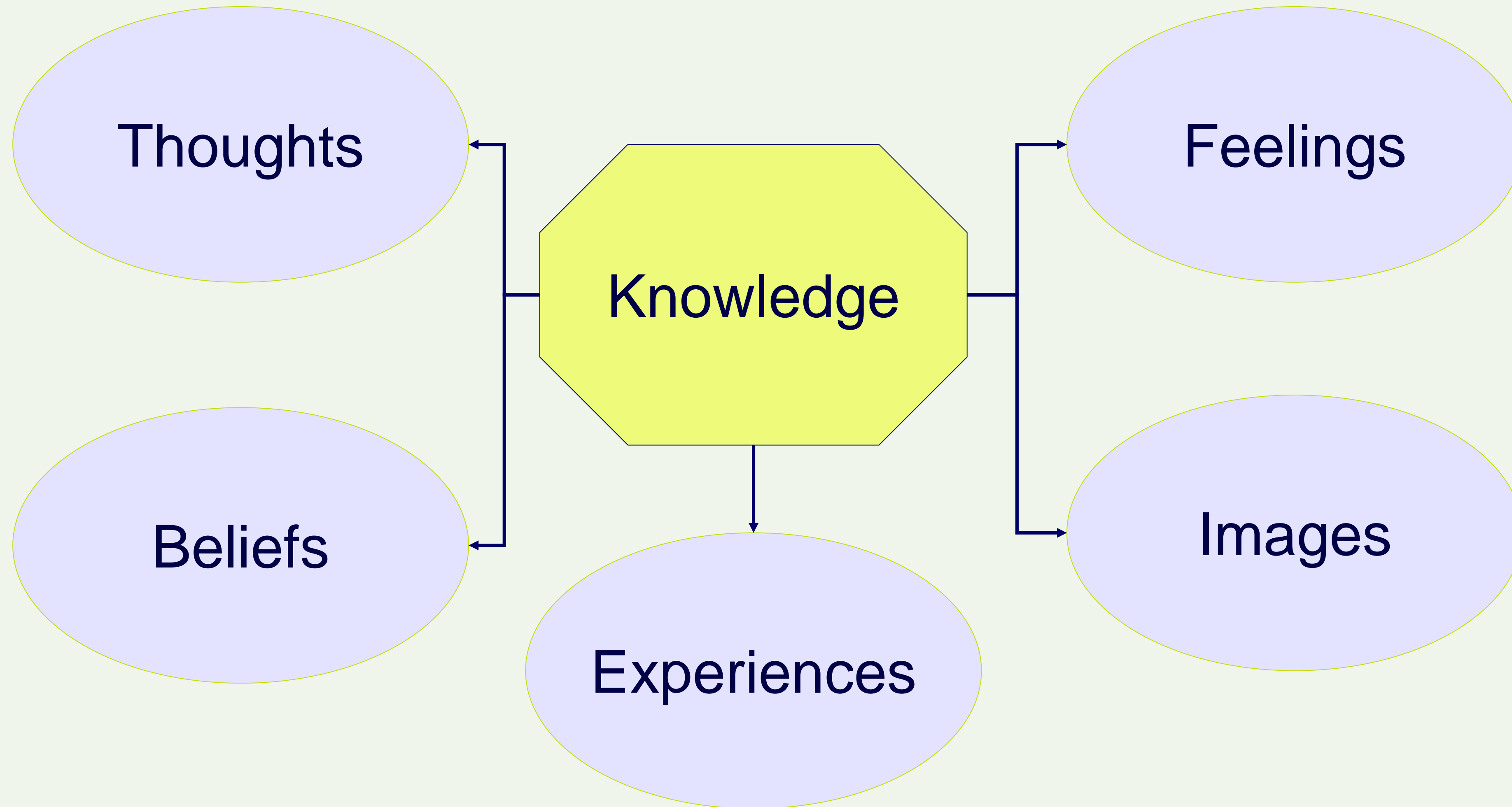
Based on differences in customer response

Positive experiences, preferences, and behavior

Different levels of brand knowledge



# BRAND KNOWLEDGE





# BRAND ASSOCIATIONS

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© 2012 Michael Sheehan

Strong

Unique

Favorable



# INTERBRAND'S BRAND EQUITY FORMULA

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## Brand Earnings

Brand sales

Costs of sales

Marketing costs

Profit before tax

## Role of Brand

**BRAND**

Features

Price

Channels

## Brand Strength

Commitment

Relevance

Differentiation

Presence



# BEST GLOBAL BRANDS

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What do you think are the top 3  
global brands?



# TOP 5 GLOBAL BRANDS (2015)

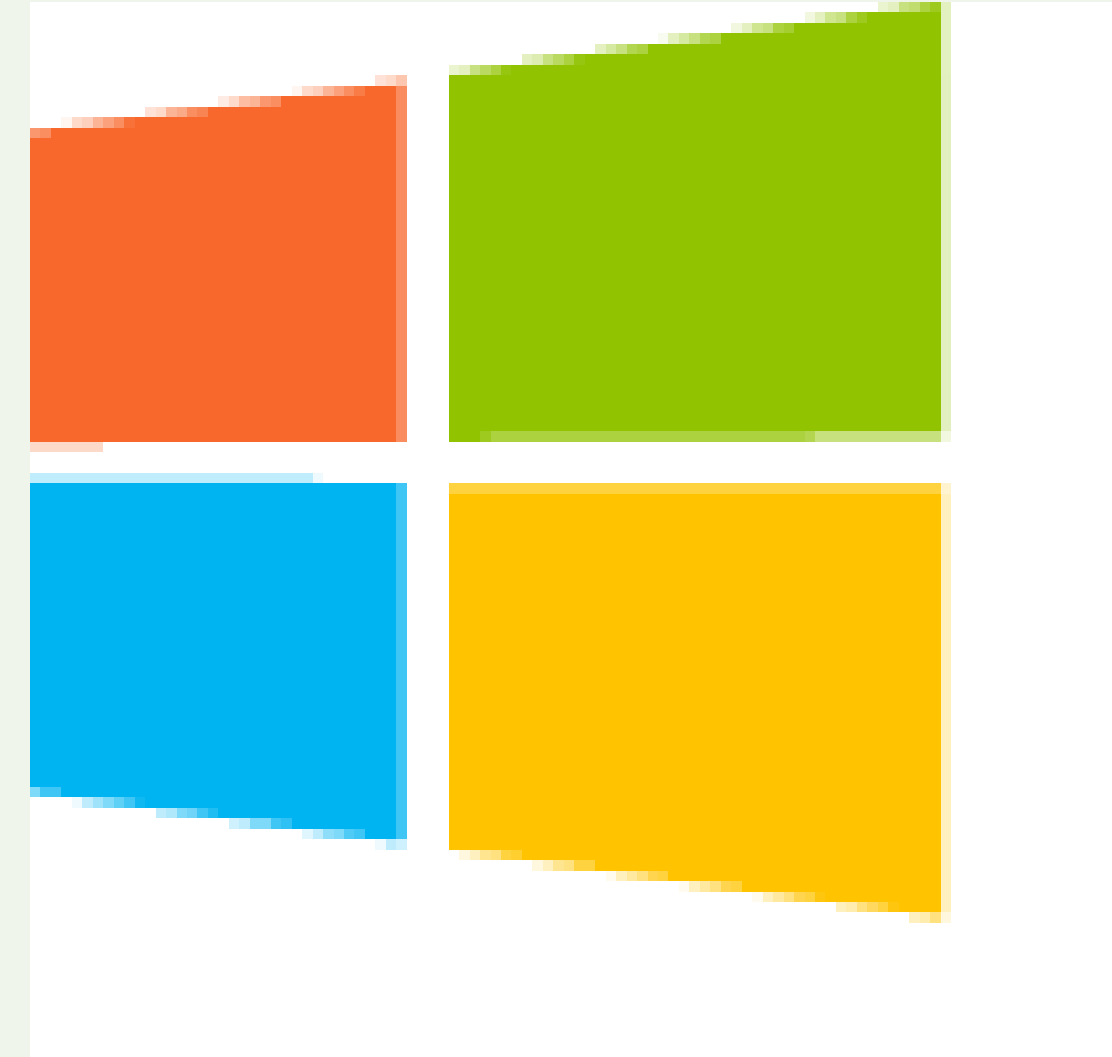
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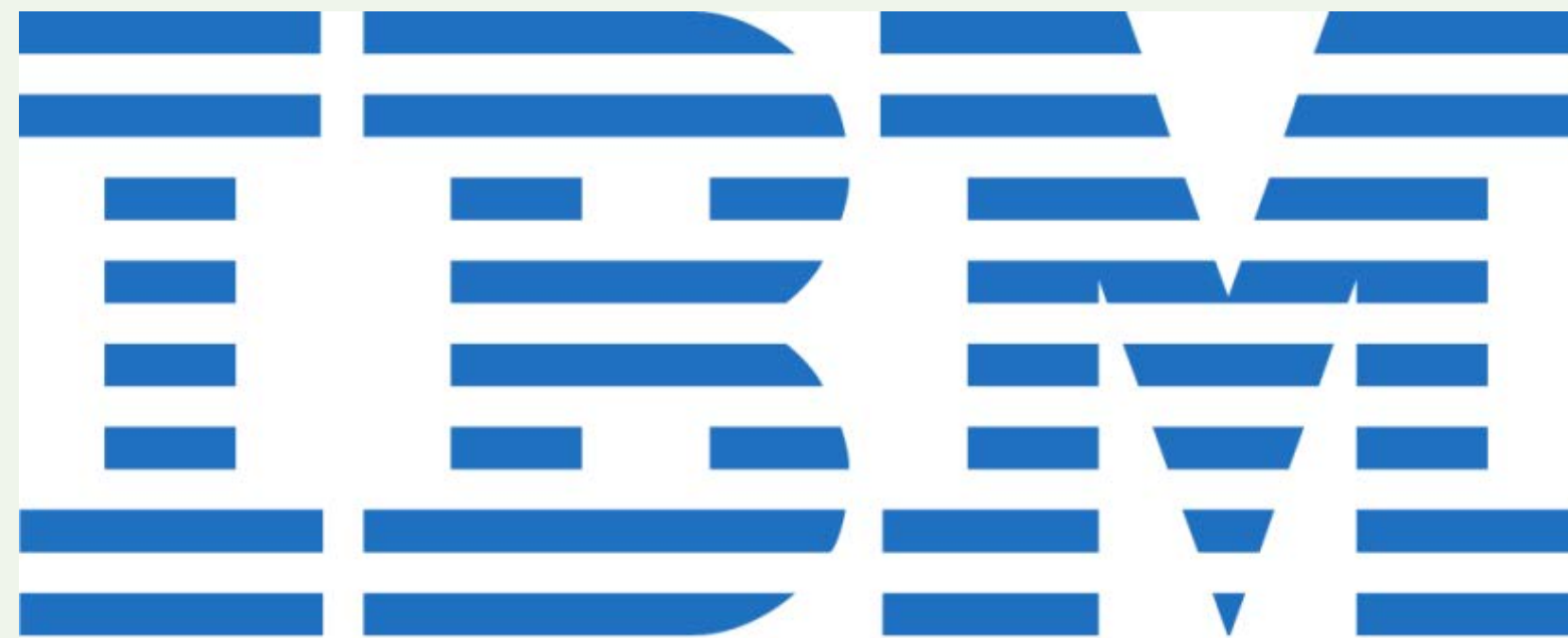
Apple



Google



Microsoft



IBM



The Coca-Cola Company



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# MARKETING MANAGEMENT I

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## Branding

Attributes of Strong Brands





# ATTRIBUTES OF STRONG BRANDS

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**Excels at delivering desired benefits**



Starbucks (2016)





# ATTRIBUTES OF STRONG BRANDS

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## Stays relevant

Without losing sight of their core strengths, the strongest brands stay on the leading edge in the product arena ...



Untitled. (2014).



Smartwatch-smart-watch-watch-apple-28208. (2014).



# ATTRIBUTES OF STRONG BRANDS

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**Priced to meet perceptions of value**



Untitled. (2008).





# ATTRIBUTES OF STRONG BRANDS

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**Uses multiple marketing activities**

Traditional advertising; sponsorship



© 2015 Mike Mozart



Coca cola do their research. (2014).



# ATTRIBUTES OF STRONG BRANDS



**Understands consumer-brand relationship**

Customer's perception of brand



(BicLove Lighters, 2011)



(Aldridge, 2013)



© 2008 Trounce

# ATTRIBUTES OF STRONG BRANDS

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## **Positioned properly**

Brands that are well positioned occupy particular niches in consumers' minds

## **Points-of-parity (POPs)**

## **Points-of-difference (PODs)**



# DEFINING ASSOCIATIONS

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## **Points-of-parity (POPs)**

Associations that are not necessarily unique to the brand but may be shared with other brands

## **Points-of-difference (PODs)**

Attributes or benefits consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand

**What would be some points of parity or difference with automobiles?**





# ATTRIBUTES OF STRONG BRANDS

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**Supported by organization**

Core brand is supported.

**Monitors sources of brand equity**

**BRAND AUDIT**

Brand inventory...how has the brand been marketed?

Brand exploratory...what does the brand mean to consumers?

**BRAND TRACKING**

Studies of consumers' perceptions of the brand over time?





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# MARKETING MANAGEMENT I



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## Branding

Brand and Line Extensions



# MARKETING ADVANTAGES OF STRONG BRANDS

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Improved perceptions of product performance

Greater loyalty

Less vulnerable to competition/crises

Larger margins

Inelastic consumer response to price increases

Greater trade cooperation

Licensing opportunities

Brand extension opportunities



# BRAND EXTENSIONS

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**One of the benefits of a strong brand is the ability to generate successful Brand Extensions**

A firm marketing a product with a well-developed image uses the same brand name in a different product category

Companies use this strategy to increase and leverage brand equity

NOTE: The terms **Brand Extension** and **Line Extension** are often used interchangeably; but they are different concepts



# BRAND VS. LINE EXTENSION

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Brand extensions occur when a company launches a new product using the same brand name in a completely different product category

For example, Nike moving out of its traditional category and launching Nike cologne



Nike Court Tradition V2 (2010)





# BRAND VS. LINE EXTENSION



Line extensions (*also called product line extensions*) occur when a company launches a new product using the same brand name in the same product category

These tend to be variations of existing products (E.g.), Coke launching new flavors or Diet Coke drinks



Coco colo coa  
cola (2009)



Diet-Coke-  
Can (2010)



Diet Cherry Coke (2008)



# BRAND/LINE EXTENSIONS

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## Advantages

Improved odds of success

Positive consumer expectations

Retailer support

Leverage current brand awareness

Reduced cost of the launch campaign

Feedback benefits

## Disadvantages

Brand dilution

Risk to brand integrity

Risk of harm to parent brand

Cannibalization

Lost opportunity to create a new brand





# RISKS OF EXTENSIONS

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Jaguar line extensions (X-type caused dilution of the brand

“The X-Type was ‘a fake Jaguar’, because every piece I touch is Ford.” Julian Thomson, Head of Design, Jaguar

2001 Jaguar X-Type, one of Top-50 Worst cars of all time. Time Magazine, 2016



Jaguar X-TYPE (2009)



# BRAND EXTENSIONS – ASSOCIATION TRANSFER

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Brand extensions are more likely to be positively associated with the parent brand when brand associations are easily transferred from the parent brand to the extension





# BRAND EXTENSIONS – ASSOCIATION TRANSFER



Consumers react more positively to extensions where this occurs since the extension would fit their perception of the parent brand (Volckner & Sattler, 2006)

e.g. Clorox Disinfecting Wipes vs. Clorox orange Juice



Clorox Toilet Bowl Cleaner (2014)



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# MARKETING MANAGEMENT I

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## Branding

Evaluating Brand Extensions





# ELASTIC BRANDS



Brands positioned on the basis of prestige or high quality, such as Ralph Lauren, have abstract brand concepts that are more elastic and can successfully expand into distant product categories, such as sheets  
(Park, Milberg, and Lawson 1991)



Ralph lauren polo\_1  
(2012)



David Jones Market Street  
Ralph Lauren Home 2013  
(2013)





# ELASTIC BRANDS



In contrast, brands positioned on **functional attributes**, such as Clorox (cleanliness; strength), are less elastic and are more successful if they extend to offerings that conform to the functional nature of the brand



Clorox (2014)



Clorox Toilet Bowl Cleaner  
(2014)



Clorox ToiletWand 001  
(2011)



# EVALUATING BRAND EXTENSIONS

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## Fit

Is the brand a logical fit with the parent brand?

E.g., Clorox orange juice = low fit

## Leverage

Does the parent give the extension an edge in the new category?

## Opportunity

Does the extension have the potential to generate significant sales?



# EVALUATING BRAND EXTENSIONS

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**What about the FIT, LEVERAGE,  
and OPPORTUNITY of the  
following brand extensions?**





# EVALUATING BRAND EXTENSIONS



A sleep aid from the makers of NyQuil- The folks who already know how to knock you out



NyQuil (2016)



Vicks ZzzQuil (2012)



# EVALUATING BRAND EXTENSIONS



Perfume made by a company that is best known for lighters



Zippo 1 (2008)



Zippo perfume (2013)

# EVALUATING BRAND EXTENSIONS



Look great standing by  
the baggage carousel



Valise Lite-Locked de Samsonite (2014)



Samsonite Mens Hooded  
Bonded Hipster Jacket





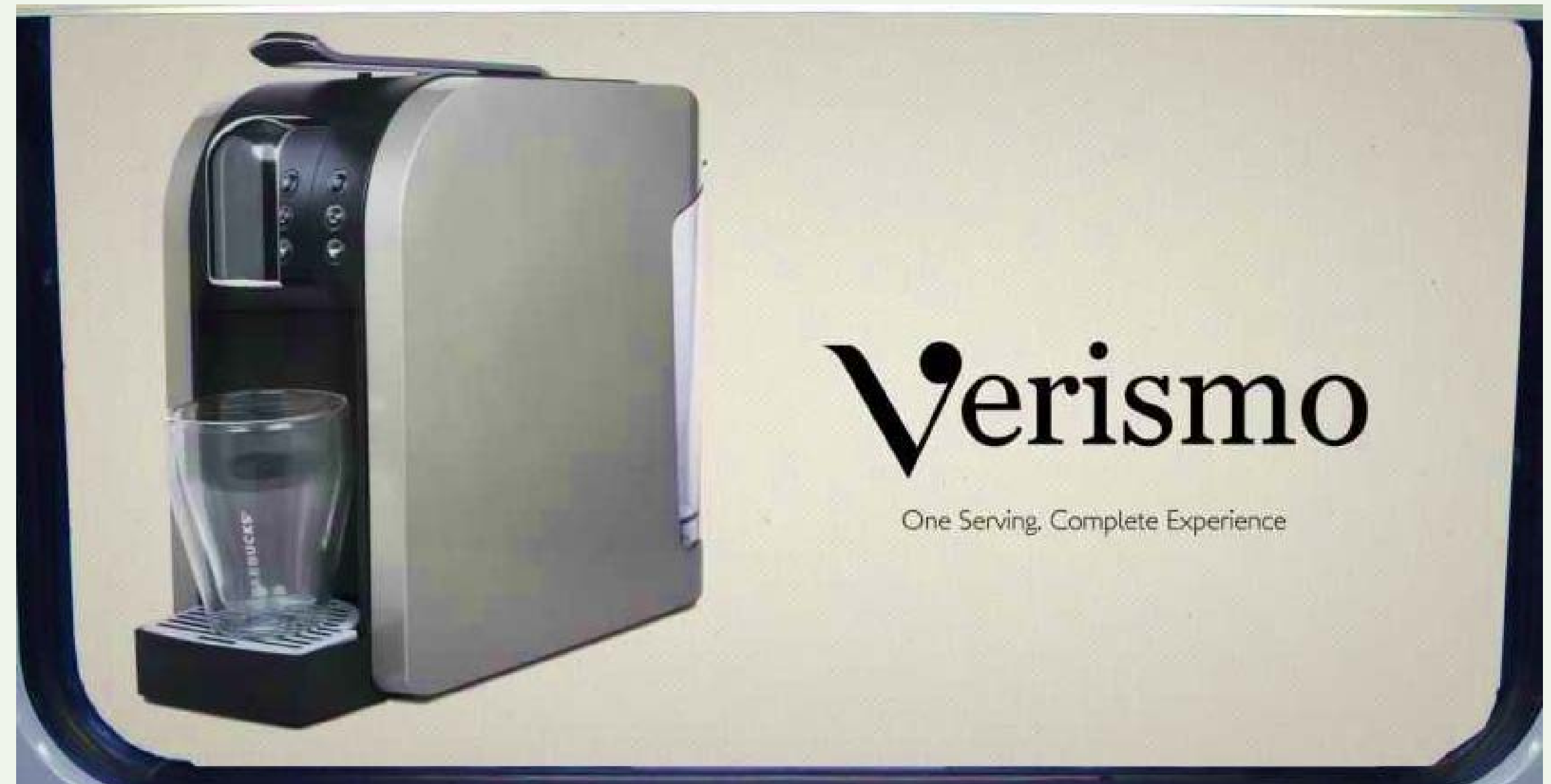
# EVALUATING BRAND EXTENSIONS



## Starbucks Verismo coffee maker



Starbucks logo (2014)



Starbucks Verismo, One Serving. Complete Experience (2013)

# BRAND EXTENSION ASSIGNMENT

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Using one of the brands displayed, please develop a concept for a NEW brand extension that makes use of the existing brand equity (note: this must not be a line extension)

This extension could be targeted to the same segment

Explain your rationale for producing this extension

**Fit**

**Leverage**

**Opportunity**

Briefly describe the marketing mix for this extension





# DEVELOP A BRAND EXTENSION FOR ONE OF THE FOLLOWING BRANDS:

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Lipton logo (2009)



Bose Logo (2007)



Firefox Logo (2007)

# IN-VIDEO QUESTION: MARKETING DEBATE

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**Are brand extensions good or bad?**

**Take a position:**

1. Brand extensions endanger brands
2. Brand extensions are an important brand-growth strategy



# WHAT HAVE WE DISCUSSED SO FAR?

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What is a brand and how does branding work?

The advantages of a strong brand

What is brand equity?

Elasticity of brand equity

Evaluating brand extensions



# AT THE HEART OF A GREAT BRAND IS A GREAT PRODUCT

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Steinway & Sons (2014)





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