

Chap 9 (Chap 10 in South Asian edition)

What is Brand Equity?

Building Brand Equity

Managing Brand Equity

Devising Branding strategy

Part 4:
BUILDING
STRONG BRANDS

Part 4: Building Strong Brands

An intro and overview

In South Asian edition, this content is covered in Part-3 (Chap 8 to 10)

Following sequence is to be used in class and is based on the International edition (South Asian edition chapters are also mentioned in second column)

Chap in International edition (Used in slides also)	Chap in South Asian edition	Topics covered from chap (* implies <i>skimmed topic</i>)
Chap 9 Creating Brand Equity	Chap 10	What is Brand Equity Building Brand Equity Managing Brand Equity (*) Devising Branding strategy (*)
Chap 10 Crafting the Brand Positioning	Chap 9	Developing and Establishing a Brand Positioning Differentiation Strategies (*)
Chap 11 Competitive Dynamics	Chap 8	Competitive Strategies for Market Leaders & Others (*) Product Lifecycle Marketing Strategies

What is Brand Equity

Defining Brands & Role of Brands

- **What is a brand?**

“A name, term, sign, symbol, or design, or a combination of them, intended to **identify** the goods and services of one seller or group of sellers and to differentiate them from those of competitors” (AMA definition)

- Brands identify source
- Consumer identify products through brands (which satisfy their needs and which don't)
- For Companies:
 - Brands simplify product handling | inventory management
 - Legal Protection

Competitors can duplicate manufacturing process, but cannot match impressions created from years of marketing

Brands signal a certain level of quality => Predictability of demand for firm

What is Brand Equity

The scope of Branding

- Branding is all about creating differences. To brand a product, it is necessary to teach consumers:
 - Who the product is
 - What the product does
 - Why consumers should care
- Consumers must be convinced that there are meaningful differences among products in a category
- Branding can be applied virtually anywhere where there is choice.
- Consider branding:
Goods | Services | Stores | Person | Place | Organization | Ideas
and so on...

What is Brand Equity

Defining Brand Equity

- Brand Equity is added value endowed to product or service
- Most important is to see what the brand is for customers
 - Thus the concept of **Customer-based brand equity**:
Differential effect *that brand knowledge has on consumer response* to the marketing of that brand
- It can be either positive or negative based on customers reaction
- **Three key components of brand equity**
 - Differences in customer response
 - Brand Knowledge
 - Perceptions, preferences and behavior related
- **Brand Equity as a Bridge**
 - Marketing investments in brand-building need to be carefully evaluated
 - Brand knowledge created in this process dictates future direction of brand

Most Valuable Brands (2019)

Ranking Brand		2019 Brand Value	YoY % Change	Country	Sector
#1	Apple	\$205B	12%	United States	Tech
#2	Google	\$167B	27%	United States	Tech
#3	Microsoft	\$125B	20.00%	United States	Tech
#4	Amazon	\$97B	37.00%	United States	Tech/ Retail
#5	Facebook	\$88B	-6.00%	United States	Tech
#6	Coca-Cola	\$59B	3.00%	United States	Beverages
#7	Samsung	\$53B	11.00%	South Korea	Tech
#8	Disney	\$52B	10.00%	United States	Entertainment
#9	Toyota	\$44B	0.00%	Japan	Automotive
#10	McDonald's	\$43B	6.00%	United States	Restaurant

Most Valuable Brands (2020)

Ranking	Brand	2020 Brand Value	YoY % Change	Country	Sector
#1	Amazon	\$220B	17.50%	United States	Tech/ Retail
#2	Google	\$160B	11.90%	United States	Tech
#3	Apple	\$140B	-8.50%	United States	Tech
#4	Microsoft	\$117B	-2.10%	United States	Tech
#5	Samsung	\$94B	3.50%	South Korea	Tech
#6	ICBC	\$80B	1.20%	China	Banking
#7	Facebook	\$79B	-4.10%	United States	Media
#8	Walmart	\$77B	14.20%	United States	Retail
#9	Ping An	\$69B	19.80%	China	Insurance
#10	Huawei	\$65B	4.50%	China	Tech

Building Brand Equity

Process of building brand equity is:



1. Choosing Brand Elements

- Trademark elements which are used to identify and differentiate brand
- **Brand element choice criteria**
 1. Memorable
 2. Meaningful
 3. Likeability
 4. Transferable
 5. Adaptable
 6. Protectable
- **Developing Brand Elements** – through strong research and understanding of consumer preferences and perceptions

Building Brand Equity

2. Developing Holistic Marketing Activities

- Brands are not built by advertising alone
- **Brand contact** is an information-bearing experience a customer or prospect has with the brand, the product category or the market that relates to the marketer's product or services
- Three important themes in marketing activities for brand development:

Personalization

- Making it as relevant to consumers

Integration

- Mixing and matching marketing activities
- **Brand awareness** is consumers' ability to identify brand under different circumstances
- **Brand image** is perception and belief held by consumer as reflected in associations held in memory

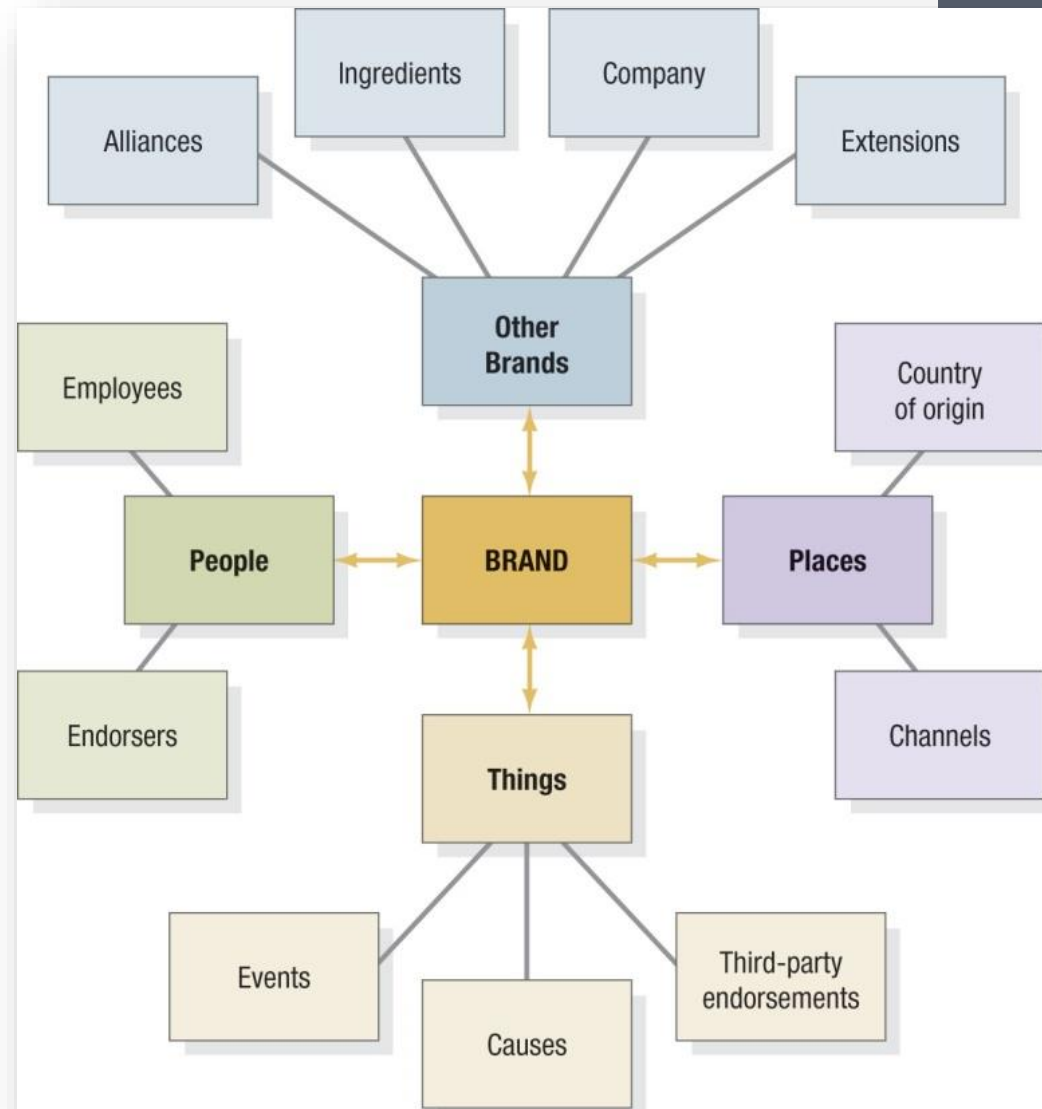
Internalization

- Ensuring that employees also 'live the brand'
- B2E – Business to Employees

Building Brand Equity

3. Leveraging Secondary Associations

- Brands associations may be linked further to **other entities (brands)** having their own associations thus creating: 'secondary associations'
- This is an important way of building brand equity
- i.e. by **'borrowing it'**



Managing Brand Equity

Brand Reinforcement

Brand Reinforcement

- A brand needs to be managed like an asset that its value doesn't depreciate
- Reinforcing brand requires that marketing program consistently convey the meaning of brand to consumers in terms of:
 - What product brand represents
 - How the brand makes these products superior and
 - Which strong, favorable associations should continue to exist in consumers' minds
- Consistency in these efforts is crucial to long-term success of a brand

Managing Brand Equity

Brand Revitalization | Brand Crisis

Brand Revitalization

- Consumers' preferences change
- Brands need to continuously cope up and revitalize when require to meet new preferences and trends
- List of options exist from “reverting back to basics” to “reinvention” – both extremes of a continuum
- **Harley Davidson (a classical example)**

Brand Crisis

- Marketers must understand inevitability of crisis at some point
- Swiftiness is a key: Longer it takes for a firm to respond to brand crisis, more negative impressions will form

Devising a Branding Strategy

*The **Branding Strategy** for a firm reflects the number and nature of common and distinctive brand elements applied to the different products sold by the firm*

Also called – **Brand Architecture**

When branding a new product **Company/Brand** can:
(3 options available)

1. Develop **new brand elements** for the new product
2. Apply some of its **existing brand elements**
3. Use a **combination of new and existing** brand elements

Devising a Branding Strategy

KEY ELEMENTS OF BRANDING STRATEGY

(focus on terms' definitions)

- When a firm uses an established brand to introduce a new product, it is called a **brand extension**
THINK OF IT AS 'EXTENDING THE BRAND'
TWO OPTIONS (LINE/CATEGORY)
- When a new brand is combined with an existing brand, the brand extension can also be called a **sub-brand**
- An existing brand that gives birth to a brand extension is referred to as the **parent brand**
- If the parent brand is already associated with multiple products through brand extensions, then it may also be called a **family brand**

Devising a Branding Strategy

KEY ELEMENTS OF BRANDING STRATEGY

(focus on terms' definitions)

- Two general categories for Brand Extensions:
 - In a ***line extension***, the parent brand is used to brand a new product that targets a new market segment *within a product category* currently served by the parent brand, such as through new flavors, forms, colors, added ingredients, and package sizes
 - In a ***category extension***, the parent brand is used to *enter a different product category* from that currently served by the parent brand

Devising a Branding Strategy

KEY ELEMENTS OF BRANDING STRATEGY

(focus on terms' definitions)

- A **brand line** consists of all products—original as well as line and category extensions— sold under a particular brand
- A **brand mix (or brand assortment)** is the set of all brand lines that a particular seller makes available to buyers

Devising a Branding Strategy

KEY ELEMENTS OF BRANDING STRATEGY

Brand extension

Sub-brand

Line extension

Category extension

- Parent brand
- Family brand



Measuring Brand Equity

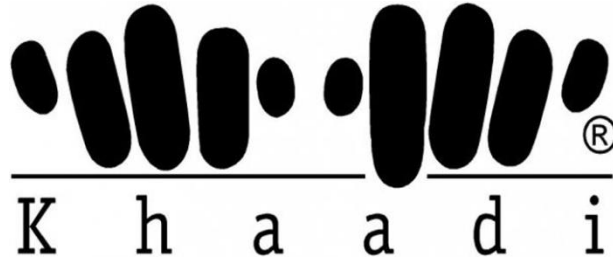
- Important for marketers:
 - Identify sources of brand equity – *Brand audits*
 - How these sources and outcomes change, if at all over time – *Brand tracking*
- **Brand Audits**
 - Consumer-focused exercise
 - Involving series of procedures to assess health of brand and uncover its sources of brand equity and suggest ways to improve and leverage its equity
- **Brand Tracking**
 - Information collection to understand the performance of brands
 - Generally use quantitative measures
- **Brand Valuation**
 - Valuation: Putting a financial value to brand
 - May even be shown in balance sheet!

Branding strategy

3 steps | 3 brands

Step 1:

Brand Elements



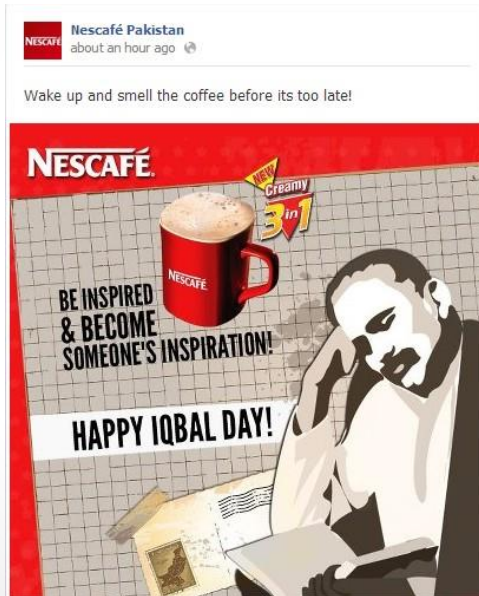
Marketing in Practice

Branding strategy 3 steps | 3 brands



Step 2:

Holistic Marketing Activities



Marketing in Practice

Branding strategy 3 steps | 3 brands

Step 3: Secondary brand associations



Chap 10 (Chap 9 in South Asian edition)

Developing and Establishing a Brand Positioning

Part 4:
BUILDING
STRONG BRANDS

Developing and Establishing a Positioning Strategy

What is Positioning?

*Act of designing company's offering and image
to occupy a distinctive place in mind of a target market*

- *Positioning is NOT what you do to a product rather*
- ***Positioning is what you do to mind of a prospect***

Deciding on **POSITIONING** requires deciding on:

- Competitive Frame of Reference
- Points of Parity and Points of Difference (based on comp Frame of Ref)
- Creating a brand mantra – brand's essence

Developing and Establishing a Positioning Strategy

Competitive Frame of Reference

- Determining where the brand belongs
- Starting Point is to establish Category Membership
- **Category Membership** is products or sets of products which a brand competes and which function as close substitutes

EXAMPLES

- CinePax in Lahore, Pakistan is having Competitive Frame of Ref of.....?
- For *Piano ballpoint pen* it consisted of.....?
- Daraz.pk – the online store



Developing and Establishing a Positioning Strategy

Points of Parity (POP) & Points of Difference (POD)

- **POP**

Associations that may not be unique to a brand and may be shared with other brands

- **POD**

Attributes or benefits consumers strongly associate with a brand and believe them to be unique

- Through PODs brands establish their own position
- Through POPs brands counter other brands PODs – *at times*
- Key to positioning is not much about PODs but about POP

Developing and Establishing a Positioning Strategy

Choosing POPs and PODs

Deliverability

&

Desirability

>>>

Three key
deliverability criteria
for PODs

Feasibility

Communicability

Sustainability

Three key consumer
desirability criteria
for PODs

Relevance

Distinctiveness

Believability

Creating POPs and PODs

- Negative correlation among different attributes (e.g. low price vs high quality)
- Consumers want to maximize all attributes
- Options to address negative correlation
 - Present separately
 - Leverage equity of another entity
 - Redefine relationship

Developing and Establishing a Positioning Strategy

Brand Mantras

- 3 –to – 5 word phrase that captures the Brand Positioning
- Brand Mantras:
 - Communicate what the brand is and what it is not?
 - Scope of brand – what products come under this brand

Brand Mantras

Some Brand Mantras and Taglines



Company Name	Brand Mantra	Tagline
Nike	Authentic - Athletic - Performance	Just do it
Coca Cola	Sharing – Happiness - Tasty	Thanda matlab coca cola
BMW	Ultimate – Driving - Machine	The Ultimate Driving Machine
Apple	Smart – Technologic – Listen to Music	Think Different

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POPs & **PODs**
AS FOUND IN:

CanOlive

Developed in technical collaboration with Genosa of Spain, CanOlive is the only *specially balanced cooking oil* available in Pakistan that **combines** some of the well-known *health* benefits of **Olive** Oil with the many heart healthy properties of **Canola** and **Sunflower** Oils in one *affordable*, great *tasting* package.



Chap 10 (Chap 9 in South Asian edition)

Differentiation Strategies

Part 4:
BUILDING
STRONG BRANDS

Differentiation Strategies

Four different differentiation strategies

Product Differentiation

- Product form, features, reliability, durability etc
- Positioning as “best quality” – taking a position on Quality
- Positioning on quality has benefits like premium price, repeat purchases etc.

Personnel Differentiation

- Talented resources | Quality training to staff results in superior services

Channel Differentiation

- Achieving competitive advantage through channel's strengths

Image Differentiation

- Concept of creating a strong image for brand and positioning it carefully to achieve differentiation
- Difference of Identity (how company position itself) and image (how consumers receive it)

Positioning & Differentiation

Positioning
as “personalized”

Differentiating - Image / Service
(Extended Hours banking) – POD

<https://www.abl.com/extended-hours-banking/>



&

This is how POD becomes a POP ☺

Summit Bank ↓

FOR THE FIRST TIME IN PAKISTAN
SUMMIT BANK DOLMEN MALL
SEA VIEW BRANCH IS NOW OPEN
EVEN ON SUNDAY
Sat-Sun: 11am to 11pm
Mon-Fri: 9am to 11pm
Summit Bank
FORGOT TO DO BANKING ON SATURDAY?
BANK DRAFT
CASH WITHDRAWAL
CASH DEPOSIT
BILL PAYMENT
INTERBANK FUND TRANSFER
REMITTANCE
www.summitbank.com.pk, 0800-24365
Committed to you

Allied Bank
For details: 0800-77555 | www.abl.com
الایڈ بینک میں ہر وقت ہم رکھتے ہیں
آپ کا خیال کچھ اس طرح کہ کھل جائے
آپ کے دل میں ہمارا اکاؤنٹ

OWN ACTIVITY:

Positioning is literally ‘everywhere’ in marketing world
HAVE YOUR OWN COLLECTION OF OBSERVATIONS FOR POSITIONING

Chap 11 (Chap 8 in South Asian edition)

Competitive Strategies for Market Leaders & Others (Mixed – Summarized)

Part 4:
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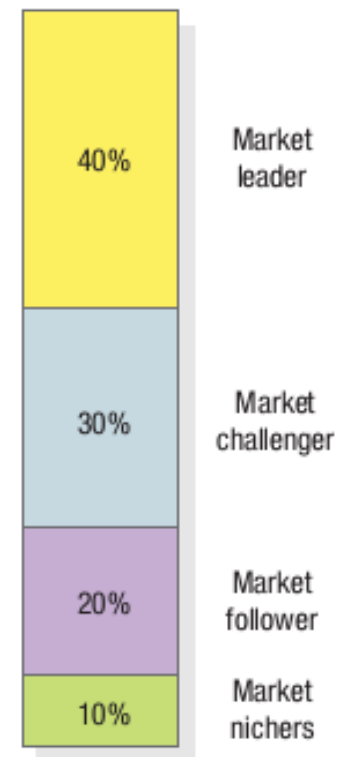
Competitive Strategies

Market Leaders, Challengers, Followers, Nichers

- Different strategies for different players
- Depending on what you are:

OWN EXERCISE:

- Identify Market Leader, Challenger, Follower & Nicher in a category
- What strategies should they use in a competitive market?



Competitive Strategies

Market Leaders

Market **Leader** strategies:

1. Expanding total Market Demand
 - Finding new customers
 - Finding new usage for brand
2. Protecting Market share
 - Proactive Marketing
 - Defensive Marketing
3. Increasing Market share
 - Different activities to increase market share
 - Main challenge is to stay profitable

Market **Challenger** strategies:

Based on strategic objectives:

- Attack the leader
- Attack the weaker firms of own size
- Attack the small firms

Market **Follower** strategies:

- Cloning – copying within legal bounds
- Counterfeiting (illegal)
- Imitator - partial copying
- Adaptor – improved copying

Market **Nicher** strategies:

- Achieving high profits
- Three tasks: **Creating** niches, **Expanding** niches and **Protecting** niches

Chap 11 (Chap 8 in South Asian edition)

Product Lifecycle Marketing Strategies

Part 4:
BUILDING
STRONG BRANDS

Product Lifecycle Marketing Strategies

Overall Review

A general discussion on PLC – Product Life Cycle

- Key assumptions/assertions for PLC concept
 - Products have limited life
 - Product sales/profits pass through different stages and have different challenges, opportunities in every case
 - Profits rise and fall in every stage
 - Different marketing, financial, manufacturing, purchasing strategies are required for different stages
- **STAGES IN PLC**
 1. Introduction
 2. Growth
 3. Maturity
 4. Decline

Product Lifecycle Marketing Strategies

Overall Review

PLC shown as a graph

(Understand the graph clearly)



Product Lifecycle Marketing Strategies

1. Introduction & The Pioneer Advantage

- **Profits are Low or Negative**
 - Promotional expenditure-to-sales ratio: very high
 - Because of need to announce & establish
- **Being first is both rewarding and risky**
- **Pioneer advantage:** if brand satisfies needs, strong recall
- First mover advantage exists but segment-by-segment invasion is required

Product Lifecycle Marketing Strategies

2. Growth

- Rapid climb in sales & New competitors enter
- Price same or slightly increased
- Promotional expenditure: same or slightly increased to counter new competitors & further educate market
- Profits increase because costs are covered over a larger volume of sales
- Firm uses several strategies:
 - Improve product quality & adds new features
 - Add new models
 - Enter new market segments
 - Increase distribution coverage

Product Lifecycle Marketing Strategies

3. Maturity

- Much longer period
- Most products are in this phase
- Sales growth is generally slow
- Three stages within maturity phase: growth | stable | decaying
- Strong competition starts & competitors are finding new areas to work in:
 - **Market modification**: converting non-users and entering new market segments
 - **Product modification**: Quality, feature, style improvement
 - **Marketing Program modification**: Reviewing marketing strategies including 4Ps

Product Lifecycle Marketing Strategies

4. Decline

- Several reasons:
 - Technological advances
 - Shifts in consumer tastes
 - Increased competition
- Increased price-cutting & profit erosion
- Decline may be slow
- Firms may withdraw market as well
- Choosing between:
 - **Divesting** - Abandoning product line and
 - **Harvesting** - Gradually reducing product/business's costs while trying to maintain sales

Product Lifecycle Marketing Strategies

Different patterns for PLCs

- **Growth-slump-maturity pattern**

- After introduction phase, a slump comes and it matures
- Common for general-use products like *kitchen appliances*

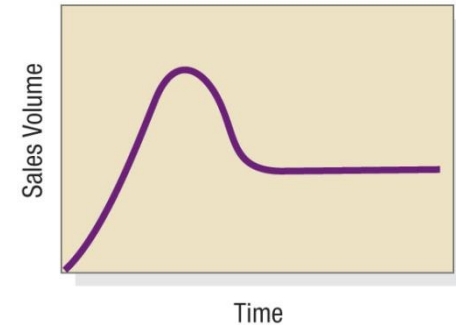
- **Cycle-Recycle pattern**

- Product is launched. After sometime its sales start declining
- Given another push
- Pharmaceutical products – *Disprin*

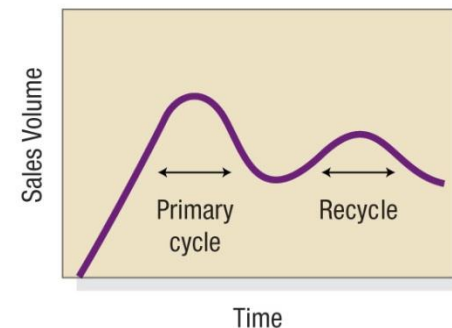
- **Scalloped pattern**

- Product is introduced
- Sales keep getting higher may be because of new usages found
- *Nylon*

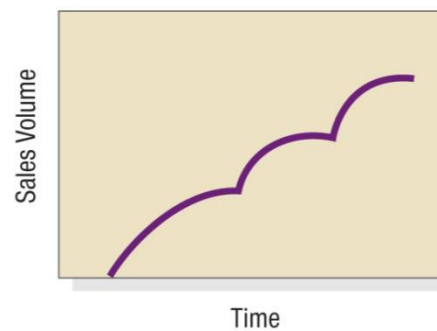
(a) Growth-Slump-Maturity Pattern



(b) Cycle-Recycle Pattern



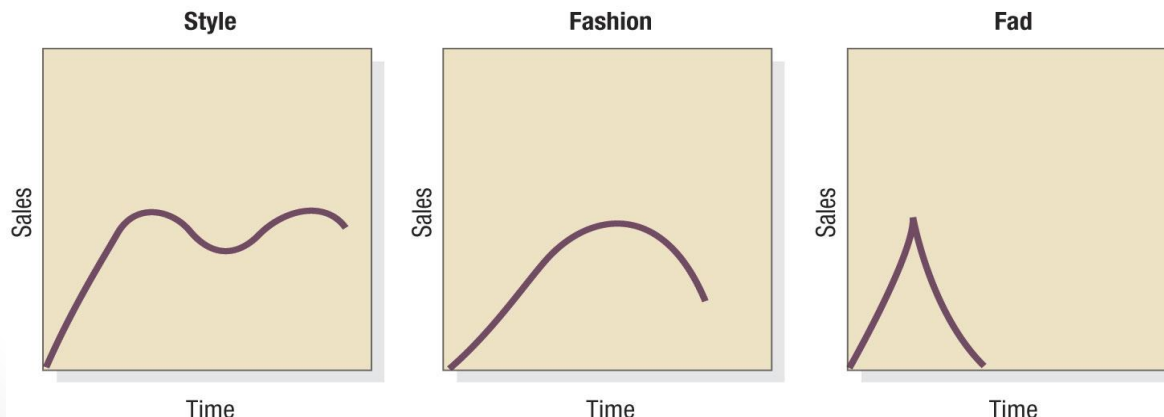
(c) Scalloped Pattern



Product Lifecycle Marketing Strategies

Style, Fashion & Fad Lifecycles

- **Style** is a basic and distinctive mode of expression appearing in a field of human endeavor
 - Style can last for generations
 - And go in or out of vogue
- **Fashion** is currently accepted popular style in a given field
 - Passes through four stages: Distinctiveness, Emulation, Mass Fashion and decline
- **Fad** are fashions that quickly come in public view, adopted with great zeal, peak early and then decline very fast
 - They generally do not survive because they do not satisfy a strong need



PLC Critique

- **Issues with PLC – an IMP discussion**
 - PLC patterns are too varied in shape and duration
 - So, is there actually a PLC?
 - Its very hard to determine which stage it is
 - Where is *Coke*? Where is *facebook*?
 - Where is *Pepsi*?
 - Where is *Phablet*?
 - Decline or growth may be because of some anomalous factors – not just time passed!

Marketing in Practice

A 'Nostalgic' PLC

Remember the good, old
'floppy disk'
(or) CD-ROM
(or) DVD?

