PART I OPENING PERSPECTIVES
Brands and Brand Management
Learning Objectives
After reading this chapter, you should be able to
1. Define "brand," state how brand differs from a product, and explain what brand equity is.
2. Summarize why brands are important.
3. Explain how branding applies to virtually everything.
4. Describe the main branding challenges and opportunities.
5. Identify the steps in the strategic brand management process.
A brand can be a person, place, firm, or organization
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Sources: Daboo Ratnani; Damian P. Gadal/Alamy; somchaij/Shutterstock; Jason Lindsey/Alamy; Taj Hotels
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 Preview
Ever more firms and other organizations have come to the realization that one of their most valuable assets is the brand names associated with their products or services. In our increasingly complex world, all of us, as individuals and as business managers, face more choices with less time to make them. Thus a strong brand's ability to simplify decision making, reduce risk, and set expectations is invaluable. Creating strong brands that deliver on that promise, and maintaining and enhancing the strength of those brands over time, is a management imperative.
This text will help you reach a deeper understanding of how to achieve those branding goals. Its basic objectives are
1. To explore the important issues in planning, implementing, and evaluating brand strategies.
2. To provide appropriate concepts, theories, models, and other tools to make better branding decisions.
We place particular emphasis on understanding psychological principles at the individual or organiza- tional level in order to make better decisions about brands. Our objective is to be relevant for any type of organization regardless of its size, nature of business, or profit orientation.1
With these goals in mind, this first chapter defines what a brand is. We consider the functions of a brand from the perspective of both consumers and firms and discuss why brands are important to both. We look at what can and cannot be branded and identify some strong brands. The chapter concludes with an introduction to the concept of brand equity and the strategic brand management process. Brand Focus 1.0 at the end of the chapter traces some of the historical origins of branding.
WHAT IS A BRAND?
Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. In fact, the word brand is derived from the Old Norse word brandr, which means "to burn," as brands were and still are the means by which owners of livestock mark their animals to identify them.2

According to the American Marketing Association (AMA), a brand is 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 competition." Technically speaking, then, whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand.

In fact, however, many practicing managers refer to a brand as more than that—as something that has actually created a certain amount of awareness, reputation, prominence, and so on in the market- place. Thus we can make a distinction between the AMA definition of a "brand" with a small b and the industry's concept of a "Brand" with a big B. The difference is important for us because disagreements about branding principles or guidelines often revolve around what we mean by the term.

Brand Elements

Thus, the key to creating a brand, according to the AMA definition, is to be able to choose a name, logo, symbol, package design, or other characteristic that identifies a product and distinguishes it from others. These different components of a brand that identify and differentiate it are brand elements. We'll see in Chapter 4 that brand elements come in many different forms. For example, consider the variety of brand name strategies. Some companies, like General Electric and Samsung, use their names for essentially all their products. Other manufacturers assign new prod- ucts individual brand names that are unrelated to the company name, like Procter & Gamble's Tide, Pampers, and Pantene product brands. Retailers create their own brands based on their store name or some other means; for example, Macy's has its own Alfani, INC, Charter Club, and Club Room brands.

Brand names themselves come in many different forms.3 There are brand names based on people's names, like Estée Lauder cosmetics, Porsche automobiles, and Orville Redenbacher popcorn; names based on places, like Sante Fe cologne, Chevrolet Tahoe SUV, and British Airways; and names based

on animals or birds, like Mustang automobiles, Dove soap, and Greyhound buses. In the category of "other," we find Apple computers, Shell gasoline, and Carnation evaporated milk. Some brand names use words with inherent product meaning, like Lean Cuisine, Ocean Spray 100% Juice Blends, and Ticketron, or suggesting important attributes or benefits, like DieHard auto batteries, Mop & Glo floor cleaner, and Beautyrest mattresses. Other names are made up and include prefixes and suffixes that sound scientific, natural, or prestigious, like Lexus automobiles, Pentium mi- croprocessors, and Visteon auto supplies.

Not just names but other brand elements like logos and symbols also can be based on people, places, things, and abstract images. In creating a brand, marketers have many choices about the number and nature of the brand elements they use to identify their products.

Brands versus Products

How do we contrast a brand and a product? A product is anything we can offer to a market for attention, acquisition, use, or consumption that might satisfy a need or want. Thus, a product may be a physical good like a cereal, tennis racquet, or automobile; a service such as an airline, bank, or insurance com- pany; a retail outlet like a department store, specialty store, or supermarket; a person such as a political figure, entertainer, or professional athlete; an organization like a nonprofit, trade organization, or arts group; a place including a city, state, or country; or even an idea like a political or social cause. This very broad definition of product is the one we adopt in the book. We'll discuss the role of brands in some of these different categories in more detail later in this chapter and in Chapter 15.

We can define five levels of meaning for a product:4

1. The core benefit level is the fundamental need or want that consumers satisfy by consuming the product or service.
2. The generic product level is a basic version of the product containing only those attributes or charac- teristics absolutely necessary for its functioning but with no distinguishing features. This is basically a stripped-down, no-frills version of the product that adequately performs the product function.
3. The expected product level is a set of attributes or characteristics that buyers normally expect and agree to when they purchase a product.
4. The augmented product level includes additional product attributes, benefits, or related services that distinguish the product from competitors.
5. The potential product level includes all the augmentations and transformations that a product might ultimately undergo in the future.

Figure 1-1 illustrates these different levels in the context of an air conditioner. In many markets most competition takes place at the product augmentation level, because most firms can successfully build satisfactory products at the expected product level. Harvard's Ted Levitt argued that "the new competition is not between what companies produce in their factories but between what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, deliv- ery arrangements, warehousing, and other things that people value."5

A brand is therefore more than a product, because it can have dimensions that differentiate it in some way from other products designed to satisfy the same need. These differences may be rational and tangible—related to product performance of the brand—or more symbolic, emotional, and intangible— related to what the brand represents.

Extending our previous example, a branded product may be a physical good like Kellogg's Corn Flakes cereal, Prince tennis racquets, or Ford Mustang automobiles; a service such as Delta Airlines, Bank of America, or Allstate insurance; a store like Bloomingdale's department store, Body Shop spe- cialty store, or Safeway supermarket; a person such as Warren Buffett, Mariah Carey, or Shahrukh Khan; a place like the city of London, state of California, or country of Australia; an organization such as the Red Cross, American Automobile Association, or the Rolling Stones; or an idea like corporate responsibility, free trade, or freedom of speech.





Level

1. Core Benefit
2. Generic Product
3. Expected Product
4. Augmented Product
5. Potential Product

Air Conditioner
Cooling and comfort.
Sufficient cooling capacity (Btu per hour), an acceptable energy efficiency rating, adequate air intakes and exhausts, and so on.
Consumer Reports states that for a typical large
air conditioner, consumers should expect at least two cooling speeds, expandable plastic side panels, adjustable louvers, removable air filter, vent for exhausting air, environmentally friendly R-410A refrigerant, power cord at least 60 inches long, one year parts-and-labor warranty on the entire unit, and a five-year parts-and-labor warranty on the refrigeration system.
Optional features might include electric touch-pad controls, a display to show indoor and outdoor temperatures and the thermostat setting, an automatic mode to adjust fan speed based on the thermostat setting and room temperature, a toll-free 800 number for customer service, and so on.
Silently running, completely balanced throughout the room, and completely energy self-sufficient.
FIGURE 1-1
Examples of Different Product Levels
Some brands create competitive advantages with product performance. For example, brands such as Gillette, Merck, and others have been leaders in their product categories for decades, due, in part, to continual innovation. Steady investments in research and development have produced leading-edge products, and sophisticated mass marketing practices have ensured rapid adoption of new technologies in the consumer market. A number of media organizations rank firms on their ability to innovate. Figure 1-2 lists five Indian companies that showed up on Forbes' most innovative companies list.
Other brands create competitive advantages through non-product-related means. For exam- ple, Coca-Cola, Chanel No. 5, and others have been leaders in their product categories for decades by understanding consumer motivations and desires and creating relevant and appealing images
FIGURE 1-2
Five Indian Firms Among Forbes' Most Innovative Companies
Sources: http://timesofindia. indiatimes.com/business/ india-business/5-Indian-firms-among-Forbes-most- innovative-companies/ articleshow/40568633.cms
Company Rank
1. Hindustan Unilever 14 2. Tata Consultancy Services 57
3. Larsen & Toubro 58 4. Sun Pharma Industries 65 5. Bajaj Auto 96

surrounding their products. Often these intangible image associations may be the only way to distin- guish different brands in a product category.
Brands, especially strong ones, carry a number of different types of associations, and marketers must account for all of them in making marketing decisions. The marketers behind some brands have learned this lesson the hard way. Branding Brief 1-1 describes the problems Coca-Cola encountered in the intro- duction of "New Coke" when it failed to account for all the different aspects of the Coca-Cola brand image.
BRANDING BRIEF 1-1

## Coca-Cola's Branding Lesson

One of the classic marketing mistakes occurred in April 1985 when Coca-Cola replaced its flagship cola brand with a new formula. The motivation behind the change was primarily a competitive one. Pepsi-Cola's "Pepsi Challenge" promotion had posed a strong challenge to Coke's supremacy over the cola market. Starting initially just in Texas, the promotion involved advertising and in-store sampling showcasing consumer blind taste tests between Coca-Cola and Pepsi-Cola. Invariably, Pepsi won these tests. Fearful that the promotion, if expanded na- tionally, could take a big bite out of Coca-Cola's sales, especially among younger cola drinkers, Coca-Cola felt compelled to act.

Coca-Cola's strategy was to change the formulation of Coke to more closely match the slightly sweeter taste of Pepsi. To arrive at a new formulation, Coke conducted taste tests with an astounding number of consumers—190,000! The findings from this research clearly indicated that consum- ers "overwhelmingly" preferred the taste of the new formu- lation to the old one. Brimming with confidence, Coca-Cola announced the formulation change with much fanfare. Consumer reaction was swift but, unfortunately for Coca- Cola, negative. In Seattle, retired real estate investor Gay Mul- lins founded the "Old Cola Drinkers of America" and set up a hotline for angry consumers. A Beverly Hills wine merchant bought 500 cases of "Vintage Coke" and sold them at a pre- mium. Meanwhile, back at Coca-Cola headquarters, roughly 1,500 calls a day and literally truckloads of mail poured in, vir- tually all condemning the company's actions. Finally, after sev- eral months of slumping sales, Coca-Cola announced that the old formulation would return as "Coca-Cola Classic" and join "New" Coke in the marketplace (see the accompanying photo).

The New Coke debacle taught Coca-Cola a very important, albeit painful and public, lesson about its brand. Coke clearly is not just seen as a beverage or thirst-quenching refreshment by consumers. Rather, it seems to be viewed as more of an Ameri- can icon, and much of its appeal lies not only in its ingredients but also in what it represents in terms of Americana, nostalgia, and its heritage and relationship with consumers. Coke's brand image certainly has emotional components, and consumers have a great deal of strong feelings for the brand.

The epic failure of New Coke taught Coca-Cola a valuable lesson about branding.

Source: Al Freni/Time & Life Pictures/Getty Images

Although Coca-Cola made a number of other mistakes in introducing New Coke (both its advertising and its packaging probably failed to clearly differentiate the brand and communi- cate its sweeter quality), its biggest slip was losing sight of what the brand meant to consumers in its totality. The psychological response to a brand can be as important as the physiological response to the product. At the same time, American consum- ers also learned a lesson—just how much the Coke brand really meant to them. As a result of Coke's marketing fiasco, it is doubt- ful that either side will take the other for granted from now on.

Sources: Patricia Winters, "For New Coke, 'What Price Success?'" Advertising Age, 20 March 1989, S1–S2; Jeremiah McWilliams, "Twenty-Five Years Since Coca-Cola's Big Blunder," Atlanta Business News, 26 April 2010; Abbey Klaassen, "New Coke: One of Market- ing's Biggest Blunders Turns 25," 23 April 2010, www.adage.com.

Not only are there many different types of associations to link to the brand, but there are many differ- ent means to create them—the entire marketing program can contribute to consumers' understanding of the brand and how they value it as well as other factors outside the control of the marketer.

By creating perceived differences among products through branding and by developing a loyal con- sumer franchise, marketers create value that can translate to financial profits for the firm. The reality is that the most valuable assets many firms have may not be tangible ones, such as plants, equipment, and real estate, but intangible assets such as management skills, marketing, financial and operations expertise, and, most important, the brands themselves. This value was recognized by John Stuart, CEO of Quaker Oats from 1922 to 1956, who famously said that in the event of the company splitting up, he would only take the brand and trademarks. He would have a better chance of succeeding than someone who had all the plant, property, and equipments.6 Let's see why brands are so valuable.

WHY DO BRANDS MATTER?

An obvious question is, why are brands important? What functions do they perform that make them so valuable to marketers? We can take a couple of perspectives to uncover the value of brands to both cus- tomers and firms themselves. Figure 1-3 provides an overview of the different roles that brands play for these two parties. We'll talk about consumers first.

Consumers

As with the term product, this book uses the term consumer broadly to encompass all types of custom- ers, including individuals as well as organizations. To consumers, brands provide important functions. Brands identify the source or maker of a product and allow consumers to assign responsibility to a particular manufacturer or distributor. Most important, brands take on special meaning to consumers. Because of past experiences with the product and its marketing program over the years, consumers find out which brands satisfy their needs and which ones do not. As a result, brands provide a shorthand device or means of simplification for their product decisions.7

If consumers recognize a brand and have some knowledge about it, then they do not have to engage in a lot of additional thought or processing of information to make a product decision. Thus, from an economic perspective, brands allow consumers to lower the search costs for products both internally (in terms of how much they have to think) and externally (in terms of how much they have to look around). Based on what they already know about the brand—its quality, product characteristics, and so forth— consumers can make assumptions and form reasonable expectations about what they may not know about the brand.

Consumers

Identification of source of product Assignment of responsibility to product maker Risk reducer

Search cost reducer

Promise, bond, or pact with maker of product Symbolic device

Signal of quality

Manufacturers

Means of identification to simplify handling or tracing Means of legally protecting unique features

Signal of quality level to satisfied customers

Means of endowing products with unique associations Source of competitive advantage

Source of financial returns

FIGURE 1-3
Roles That Brands Play

The meaning imbued in brands can be quite profound, allowing us to think of the relationship be- tween a brand and the consumer as a type of bond or pact. Consumers offer their trust and loyalty with the implicit understanding that the brand will behave in certain ways and provide them utility through consistent product performance and appropriate pricing, promotion, and distribution programs and ac- tions. To the extent that consumers realize advantages and benefits from purchasing the brand, and as long as they derive satisfaction from product consumption, they are likely to continue to buy it.

These benefits may not be purely functional in nature. Brands can serve as symbolic devices, al- lowing consumers to project their self-image. Certain brands are associated with certain types of people and thus reflect different values or traits. Consuming such products is a means by which consumers can communicate to others—or even to themselves—the type of person they are or would like to be.8

Some branding experts believe that for some people, certain brands even play a religious role of sorts and substitute for religious practices and help reinforce self-worth.9 The cultural influence of brands is profound and much interest has been generated in recent years in understanding the interplay between consumer culture and brands.10

Brands can also play a significant role in signaling certain product characteristics to consumers. Re- searchers have classified products and their associated attributes or benefits into three major categories: search goods, experience goods, and credence goods.11

• For search goods like grocery produce, consumers can evaluate product attributes like sturdiness, size, color, style, design, weight, and ingredient composition by visual inspection.
• For experience goods like automobile tires, consumers cannot assess product attributes like dura- bility, service quality, safety, and ease of handling or use so easily by inspection, and actual product trial and experience is necessary.
• For credence goods like insurance coverage, consumers may rarely learn product attributes.

Given the difficulty of assessing and interpreting product attributes and benefits for experience and credence goods, brands may be particularly important signals of quality and other characteristics to con- sumers for these types of products.12

Brands can reduce the risks in product decisions. Consumers may perceive many different types of risks in buying and consuming a product:13

• Functional risk: The product does not perform up to expectations.
• Physical risk: The product poses a threat to the physical well-being or health of the user or others.
• Financial risk: The product is not worth the price paid.
• Social risk: The product results in embarrassment from others.
• Psychological risk: The product affects the mental well-being of the user.
• Time risk: The failure of the product results in an opportunity cost of finding another satisfactory product.

Consumers can certainly handle these risks in a number of ways, but one way is obviously to buy well-known brands, especially those with which consumers have had favorable past experiences. Thus, brands can be a very important risk-handling device, especially in business-to-business settings where risks can sometimes have quite profound implications.

In summary, to consumers, the special meaning that brands take on can change their perceptions and experiences with a product. The identical product may be evaluated differently depending on the brand identification or attribution it carries. Brands take on unique, personal meanings to consum- ers that facilitate their day-to-day activities and enrich their lives. As consumers' lives become more complicated, rushed, and time starved, the ability of a brand to simplify decision making and reduce risk is invaluable.

Firms

Brands also provide a number of valuable functions to their firms.14 Fundamentally, they serve an identification purpose, to simplify product handling or tracing. Operationally, brands help organize





inventory and accounting records. A brand also offers the firm legal protection for unique features or aspects of the product. A brand can retain intellectual property rights, giving legal title to the brand owner.15 The brand name can be protected through registered trademarks; manufacturing processes can be protected through patents; and packaging can be protected through copyrights and designs. These intellectual property rights ensure that the firm can safely invest in the brand and reap the ben- efits of a valuable asset.

We've seen that these investments in the brand can endow a product with unique associations and meanings that differentiate it from other products. Brands can signal a certain level of quality so that satisfied buyers can easily choose the product again.16 This brand loyalty provides predictability and security of demand for the firm and creates barriers of entry that make it difficult for other firms to enter the market.

Although manufacturing processes and product designs may be easily duplicated, lasting impres- sions in the minds of individuals and organizations from years of marketing activity and product experi- ence may not be so easily reproduced. One advantage that brands such as Colgate toothpaste, Cheerios cereal, and Levi's jeans have is that consumers have literally grown up with them. In this sense, brand- ing can be seen as a powerful means to secure a competitive advantage.

In short, to firms, brands represent enormously valuable pieces of legal property, capable of in- fluencing consumer behavior, being bought and sold, and providing the security of sustained future revenues.17 For these reasons, huge sums, often representing large multiples of a brand's earnings, have been paid for brands in mergers or acquisitions, starting with the boom years of the mid-1980s. The merger and acquisition frenzy during this time led Wall Street financiers to seek out undervalued com- panies from which to make investment or takeover profits. One of the primary undervalued assets of such firms was their brands, given that they were off-balance-sheet items. Implicit in Wall Street's inter- est was a belief that strong brands result in better earnings and profit performance for firms, which, in turn, creates greater value for shareholders.

The price premium paid for many companies is clearly justified by the opportunity to earn and sus- tain extra profits from their brands, as well as by the tremendous difficulty and expense of creating simi- lar brands from scratch. For a typical fast-moving consumer goods company, net tangible assets may be as little as 10 percent of the total value (see Figure 1-4). Most of the value lies in intangible assets and goodwill, and as much as 70 percent of intangible assets can be supplied by brands.

Brand

Coca-Cola

IBM

Microsoft Google General Electric McDonald's Intel

Nokia

Disney Hewlett-Packard

Brand Value ($MM)

70,452 64,727 60,895 43,557 42,808 33,578 32,015 29,495 28,731 26,867

Market Cap ($MM)

146,730 200,290 226,530 199,690 228,250 80,450 119,130 33,640 81,590 105,120

% of Market Cap

48% 32% 27% 22% 19% 42% 27% 88% 35% 26%

FIGURE 1-4

Brand Value as a Percentage of Market Capitalization (2010)

Sources: Based on Interbrand. “Best Global Brands 2010.” Yahoo! Finance, February, 2011.

## CAN ANYTHING BE BRANDED?

Brands clearly provide important benefits to both consumers and firms. An obvious question, then, is, how are brands created? How do you “brand” a product? Although firms provide the impetus for brand creation through their marketing programs and other activities, ultimately a brand is something that resides in the minds of consumers. A brand is a perceptual entity rooted in reality, but it is more than that—it reflects the perceptions and perhaps even the idiosyncrasies of consumers.

To brand a product it is necessary to teach consumers “who” the product is—by giving it a name and using other brand elements to help identify it—as well as what the product does and why consumers should care. In other words, marketers must give consumers a label for the product (“here’s how you can identify the product”) and provide meaning for the brand (“here’s what this particular product can do for you, and why it’s special and different from other brand name products”).

Branding creates mental structures and helps consumers organize their knowledge about products and services in a way that clarifies their decision making and, in the process, provides value to the firm. The key to branding is that consumers perceive differences among brands in a product category. These differences can be related to attributes or benefits of the product or service itself, or they may be related to more intangible image considerations.

Whenever and wherever consumers are deciding between alternatives, brands can play an impor- tant decision-making role. Accordingly, marketers can benefit from branding whenever consumers are in a choice situation. Given the myriad choices consumers make each and every day—commercial and otherwise—it is no surprise how pervasive branding has become. Consider these two very diverse ap- plications of branding:18

1. Bonnaroo Music and Arts Festival (Bonnaroo means “good times” in Creole), a 100-band jambo- ree with an eclectic mix of A-list musical stars, has been the top-grossing music festival in North America for years. Multiple revenue sources are generated through ticket sales (from $250 general admission to $18,500 luxury packages), 16 profit centers on-site (from concessions and merchan- dise to paid showers), licensing, media deals, and the Web. With all its success, festival organizers are exploring expanding the brand’s “curatorial voice” to nonfestival settings such as television programming and mobile phone apps.

Bonnaroo Music and Arts Festival has become a strong brand by creating a unique musical experience with broad appeal.

Source: ZUMA Press/ Newscom





2. Halloween night in Madison, Wisconsin, home of the University of Wisconsin–Madison, had become frightening—literally—for local businesses due to out-of-control partying. As one par- ticipant put it, “The main objective on Halloween in Madison was not to get blackout drunk . . . it was to incite enough of a ruckus that riot police had to show up on horseback with tear gas and pepper spray.” The success of that strategy was evident in 2005 when more than 450 people were arrested and $350,000 was spent by the town government on enforcement. The next year, the mayor of Madison tried a marketing solution instead. He branded the event “Freakfest,” installing floodlights in a gated stretch of a main street and providing concert entertainment for 50,000 partygoers. The number of arrests and the amount of vandalism were dramatically lower. One town official observed, “Since we rebranded the event, it’s become something we are proud of.”

As another example, Branding Brief 1-2 considers how even one-time commodities have been branded.

We can recognize the universality of branding by looking at some different product applications in the categories we defined previously—physical goods, services, retail stores, online businesses, people, organizations, places, and ideas. For each of these different types of products, we will review some basic considerations and look at examples. (We consider some of these special cases in more detail in Chapter 15.)

BRANDING BRIEF 1-2

Branding Commodities

Acommodity is a product so basic that it cannot be physically differentiated from competitors in the minds of consumers. Over the years, a number of products that at one time were seen as essentially commodities have be- come highly differentiated as strong brands have emerged in the category. Some notable examples are coffee (Maxwell House), bath soap (Ivory), flour (Gold Medal), beer (Bud- weiser), salt (Morton), oatmeal (Quaker), pickles (Vlasic), ba- nanas (Chiquita), chickens (Perdue), pineapples (Dole), and even water (Perrier).

These products became branded in various ways. The key success factor in each case, however, was that consumers be- came convinced that all the product offerings in the category were not the same and that meaningful differences existed. In some instances, such as with produce, marketers convinced consumers that a product was not a commodity and could actually vary appreciably in quality. In these cases, the brand was seen as ensuring uniformly high quality in the product category on which consumers could depend. In other cases, like Perrier bottled mineral water, because product differences were virtually nonexistent, brands have been created by image or other non-product-related considerations.

One of the best examples of branding a commodity in this fashion is diamonds. De Beers Group added the phrase

"A Diamond Is Forever" as the tagline in its ongoing ad cam- paign in 1948. The diamond supplier, which was founded in 1888 and sells about 60 percent of the world's rough dia- monds, wanted to attach more emotion and symbolic mean- ing to the purchase of diamond jewelry. "A Diamond Is Forever" became one of the most recognized slogans in adver- tising and helped fuel a diamond jewelry industry that's now worth nearly $25 billion per year in the United States alone.

After years of successful campaigns that helped generate buzz for the overall diamond industry, De Beers began to fo- cus on its proprietary brands. Its 2009 campaign highlighted its new Everlon line. Partly in reaction to the recession, De Beers's marketing also began to focus on the long-term value and staying power of diamonds; new campaigns included the slogans "Fewer Better Things" and "Here Today, Here Tomorrow."

Sources: Theodore Levitt, "Marketing Success Through Differentia- tion—of Anything," Harvard Business Review (January–February 1980): 83–91; Sandra O'Loughlin, "Sparkler on the Other Hand," Brandweek, 19 April 2004; Blythe Yee, "Ads Remind Women They Have Two Hands," Wall Street Journal, 14 August 2003; Lauren Weber, "De Beers to Open First U.S. Retail Store," Newsday, 22 June 2005; "De Beers Will Double Ad Spending," MediaPost, 17 November 2008.

## Physical Goods

Physical goods are what are traditionally associated with brands and include many of the best-known and highly regarded consumer products, like Mercedes-Benz, Nescafé, and Sony. More and more com- panies selling industrial products or durable goods to other companies are recognizing the benefits of developing strong brands. Brands have begun to emerge among certain types of physical goods that never supported brands before. Let us consider the role of branding in industrial "business-to-business" products and technologically intensive "high-tech" products.

Business-to-business products. The business-to-business (B2B) market makes up a huge percent- age of the global economy. Some of the world's most accomplished and respected brands belong to business marketers, such as ABB, Caterpillar, DuPont, FedEx, GE, Hewlett-Packard, IBM, Intel, Micro- soft, Oracle, SAP, and Siemens.

Business-to-business branding creates a positive image and reputation for the company as a whole. Creating such goodwill with business customers is thought to lead to greater selling opportunities and more profitable relationships. A strong brand can provide valuable reassurance and clarity to business customers who may be putting their company's fate—and perhaps their own careers!—on the line. A strong business-to-business brand can thus provide a strong competitive advantage.

Some B2B firms, however, carry the attitude that purchasers of their products are so well-informed and professional that brands don't matter. Savvy business marketers reject that reasoning and are rec- ognizing the importance of their brand and how they must execute well in a number of areas to gain marketplace success.

Boeing, which makes everything from commercial airplanes to satellites, implemented the "One Firm" brand strategy to unify all its different operations with a one-brand culture. The strategy was based in part on a "triple helix" representation: 1) Enterprising Spirit (why Boeing does what it does), 2) Precision Performance (how Boeing gets things done), and 3) Defining the Future (what Boeing achieves as a firm).19 The Science of Branding 1-1 describes some particularly important guidelines for business-to-business branding. Here is how Cisco approaches brand differentiation.

CISCO

Cisco, the network communications equipment manufacturer that leads the market in supplying the switches and routers that direct traffic on the Internet, sought growth by directing considerable research and marketing resources at an underserved market: small- and medium-sized business (SMB) customers, which the company de- fined as those with fewer than 250 employees. To better understand buyer behavior, Cisco conducted customer research that segmented the overall SMB market into four tiers by networking expenditure and purchase patterns. Tier 1 and tier 2 companies, which view networking as the core of their business, make up 30 percent of the SMB space but account for 75 percent of total networking expenditures. Tier 3 and tier 4 companies make up 70 per- cent of the market but are hesitant to invest heavily in networking technology.

Based on this understanding of the market, Cisco was able to target these segments with products and services designed specifically for them. It developed a program called the "Smart Business Roadmap" that matched common business issues faced by SMB customer types with long-term technology solutions. One of these solutions was Linksys One, a hosted communications service offering telephone, video, data, and Internet networking on one high-speed connection that debuted back in 2005. Overall, Cisco raised its R&D budget for the SMB market to $2 billion and directed 40 percent of its total marketing expenditure toward this market. The program generated 22 percent growth in Cisco's business with SMBs.20

High-tech Products. Many technology companies have struggled with branding. Managed by tech- nologists, these firms often lack any kind of brand strategy and sometimes see branding as simply nam- ing their products. In many of their markets, however, financial success is no longer driven by product innovation alone, or by the latest and greatest product specifications and features. Marketing skills are playing an increasingly important role in the adoption and success of high-tech products.





TATA CONSULTANCY SERVICES: BRANDING A TECHNOLOGY SERVICES FIRM

Tata Consultancy Services is Asia's largest information technology (IT) services firm and is ranked as one of the most successful IT services firm in the world.

TCS, as it is known, has been built on providing solutions that is on time, on cost, and on quality parameters agreed upon. Soon after the company became a publicly listed entity in 2004, it embarked upon a new trajectory of growth. It decided that it needed to articulate its offer to its clients; thus was born the "Experience certainty" manifesto.

The company created a global campaign that ran in leading international business papers and journals articulating what "Experience certainty" stood for. Importantly, the company also

undertook an internal communication program, whereby every employee got to understand the ethos behind the “Experience certainty” promise. Internal communica- tion consisted of packaged presentations, videos, and exercises that every team leader took his or her team through.
TCS continues to invest in astutely planned digital marketing campaigns. This includes sponsorship of mara- thon races in some key cities of the world. Some similarities can be drawn between TCS and the marathon runners they sponsor, because just like a marathon runner gauges distance to be covered and the resources of time and energy at his disposal, TCS too, utilizes company resources wisely to win the race. In 2013, TCS became the most valued company in India, overtaking stock market veterans and legacy companies.
Branding a Technology Services Firm (TCS)
Sources: Preethi Chamikutty, “Tech Cos Reveal Secret ‘Brand’ Story”, The Economics Times, 13 June 2007; Archana Venkat, “IT’s All About Branding,” Business Line, 27 March 2008; www.tcs.com.

In a world of increasing complexity, there is a way to be certain.

In a fast-evolving marketplace which demands leadership that brings results, there exists a way of certainty: Tata Consultancy Services (TCS). With TCS as your strategic advisor and partner, the ever-changing new landscapes of business become new vistas of opportunity, from digitally connected consumers to big data to emerging markets to end-to-end solutions for transforming your organization. TCS offers you market-proven, world-class experience, expertise and guidance to show the way for your business to evolve. Visit tcs.com and you’re certain to learn more.
IT Services Business Solutions Consulting
Image source: Tata Consultancy Services

 THE SCIENCE OF BRANDING 1-1

Understanding Business-to-Business Branding

Because business-to-business purchase decisions are complex and often high risk, branding plays an important role in B2B markets. Six specific guidelines—developed in greater detail in later chapters—can be defined for marketers of B2B brands.

1. Ensure the entire organization understands and supports branding and brand management. Employees at all levels and in all departments must have a complete, up-to-date understanding of the vision for the brand and their role in supporting it. A particularly crucial area is the sales force; personal selling is often the profit driver of a business-to-business organization. The sales force must be properly aligned so that the department can more effectively leverage and reinforce the brand promise. If branding is done right, the sales force can ensure that tar- get customers recognize the brand’s benefits sufficiently to pay a price commensurate with the brand’s potential value.
2. Adopt a corporate branding strategy if possible and create a well-defined brand hierarchy. Because of the breadth and complexity of the product or service mix, companies selling business-to-business are more likely to emphasize corporate brands (such as Hewlett-Packard, ABB, or BASF). Ideally, they will also create straightfor- ward sub-brands that combine the corporate brand name with descriptive product modifiers, such as with EMC or GE. If a

company has a distinctive line of business, how- ever, a more clearly differentiated sub-brand may need to be developed, like Praxair's Medipure brand of medi- cal oxygen, DuPont's Teflon coating, and Intel's Centrino mobile technology.

3. Frame value perceptions. Given the highly competitive nature of business-to-business markets, marketers must ensure that customers fully appreciate how their offerings are different. Framing occurs when customers are given a perspective or point of view that allows the brand to "put its best foot forward." Framing can be as simple as mak- ing sure customers realize all the benefits or cost savings offered by the brand, or becoming more active in shaping how customers view the economics of purchasing, owning, using and disposing of the brand in a different way. Framing requires understanding how customers currently think of brands and choose among products and services, and then determining how they should ideally think and choose.

4. Link relevant non-product-related brand associations. In a business-to-business setting, a brand may be dif- ferentiated on the basis of factors beyond product per- formance, such as having superior customer service or well-respected customers or clients. Other relevant brand imagery might relate to the size or type of firm. For example, Microsoft and Oracle might be seen as "aggres- sive" companies, whereas 3M and Apple might be seen as "innovative." Imagery may also be a function of the other organizations to which the firm sells. For example, cus- tomers may believe that a company with many customers is established and a market leader.

5. Find relevant emotional associations for the brand. B2B marketers too often overlook the power of emotions in their branding. Emotional associations re- lated to a sense of security, social or peer approval, and self-respect can also be linked to the brand and serve as key sources of brand equity. That is, reducing risk to improve customers' sense of security can be a pow- erful driver of many decisions and thus an important source of brand equity; being seen as someone who works with other top firms may inspire peer approval and personal recognition within the organization; and, beyond respect and admiration from others, a business decision-maker may just feel more satisfied by working with top organizations and brands.

6. Segment customers carefully both within and across companies. Finally, in a business-to-business setting, different customer segments may exist both within and across organizations. Within organizations, different peo- ple may assume the various roles in the purchase decision process: Initiator, user, influencer, decider, approver, buyer and gatekeeper. Across organizations, businesses can vary according to industry and company size, technologies used and other capabilities, purchasing policies, and even risk and loyalty profiles. Brand building must take these different segmentation perspectives in mind in building tailored marketing programs.

Sources: James C. Anderson and James A. Narus, Business Mar- ket Management: Understanding, Creating, and Delivering Value, 3rd ed. (Upper Saddle River, NJ: Prentice Hall, 2009); Kevin Lane Keller and Frederick E. Webster, Jr., "A Roadmap for Branding in Industrial Markets," Journal of Brand Management, 11 (May 2004): 388–40; Philip Kotler and Waldemar Pfoertsch, B2B Brand Man- agement (Berlin-Heidelberg, Germany: Springer, 2006); Kevin Lane Keller, "Building a Strong Business-to-Business Brand," in Business-to-Business Brand Management: Theory, Research, and Executive Case Study Exercises, in Advances in Business Marketing & Purchasing series, Volume 15, ed. Arch Woodside (Bingley, UK: Em- erald Group

Publishing Limited, 2009), 11-31; Kevin Lane Keller and Philip Kotler, "Branding in Business-to-Business Firms," in Business to Business Marketing Handbook, eds. Gary L. Lilien and Rajdeep Grewal (Northampton, MA: Edward Elgar Publishing, 2012).



The speed and brevity of technology product life cycles create unique branding challenges. Trust is critical, and customers often buy into companies as much as products. Marketing budgets may be small, although high-tech firms' adoption of classic consumer marketing techniques has increased ex- penditures on marketing communications. The Science of Branding 1-2 provides a set of guidelines for marketing managers at high-tech companies.

Services

Although strong service brands like American Express, British Airways, Ritz-Carlton, Merrill Lynch, and Federal Express have existed for years, the pervasiveness of service branding and its sophistication have accelerated in the past decade.

Role of Branding with Services. One of the challenges in marketing services is that they are less tangible than products and more likely to vary in quality, depending on the particular person or people pro- viding them. For that reason, branding can be particularly important to service firms as a way to address intangibility and variability problems. Brand symbols may also be especially important, because they help make the abstract nature of services more concrete. Brands can help identify and provide meaning to the different services provided by a firm. For example, branding has become especially important in financial services to help organize and label the myriad new offerings in a manner that consumers can understand.

Branding a service can also be an effective way to signal to consumers that the firm has designed a particular service offering that is special and deserving of its name. For example, British Airways not only brands its premium business class service as "Club World"; it also brands its regular coach service as "World Traveler," a clever way to communicate to the airline's regular passengers that they are also special in some way and that their patronage is not taken for granted. Branding has clearly become a competitive weapon for services.

Professional Services. Professional services firm such as Accenture (consulting), Goldman Sachs (investment banking), Ernst & Young (accounting), and Baker Botts (law) offer specialized expertise and support to other businesses and organizations. Professional services branding is an interesting combination of B2B branding and traditional consumer services branding.

For a service firm like Mayflower, dependable, high-quality service is critical.
Source: Mayflower Transit, LLC

 THE SCIENCE OF BRANDING 1-2

Understanding High-Tech Branding

Marketers operating in technologically intensive markets face a number of unique challenges. Here are 10 guidelines that managers for high-tech companies can use to improve their company's brand strategy.

1. It is important to have a brand strategy that pro- vides a roadmap for the future. Technology companies too often rely on the faulty assumption that the best prod- uct based on the best technology will sell itself. As the market failure of the Sony Betamax illustrates, the com- pany with the best technology does not always win.
2. Understand your brand hierarchy and manage it ap- propriately over time. A strong corporate brand is vital in the technology industry to provide stability and help establish a presence on Wall Street. Since product inno- vations provide the growth drivers for technology com- panies, however, brand equity is sometimes built in the product name to the detriment of corporate brand equity.
3. Know who your customer is and build an appro- priate brand strategy. Many technology companies understand that when corporate customers purchase business-to-business products or services, they are typi- cally committing to a long-term relationship. For this rea- son, it is advisable for technology companies to establish a strong corporate brand that will endure over time.
4. Realize that building brand equity and selling products are two different exercises. Too often, the emphasis on developing products leads to an overemphasis on branding them. When a company applies distinct brand names to too many products in rapid succession, the brand portfolio be- comes cluttered and consumers may lose perspective on the brand hierarchy. Rather than branding each new innovation separately, a better approach is to plan for future innovations by developing an extendable branding strategy.
5. Brands are owned by customers, not engineers. In many high-tech firms, CEOs work their way up the ladder through the engineering divisions. Although en- gineers have an intimate knowledge of products and technology, they may lack the big-picture brand view. Compounding this problem is the fact that technology companies typically spend less on consumer research compared with other types of companies. As a result of these factors, tech companies often do not invest in building strong brands.
6. Brand strategies need to account for the attributes of the CEO and adjust accordingly. Many of the world's
top technology companies have highly visible CEOs, es- pecially compared with other industries. Some notable high-tech CEOs with prominent public personas include Oracle's Larry Ellison, Cisco's John Chambers, Dell's Mi- chael Dell, and (until 2011), Apple's Steve Jobs. In each case, the CEO's identity and persona are inextricably wo- ven into the fabric of the brand.
7. Brand building on a small budget necessitates lever- aging every possible positive association. Technology companies typically prioritize their marketing mix as fol- lows (in order from most important to least important): industry analyst relations, public relations, trade shows, seminars, direct mail, and advertising. Often, direct mail and advertising are discretionary items in a company's marketing budget and may in fact receive no outlay.
8. Technology categories are created by customers and external forces, not by companies themselves. In their quest for product differentiation, new technol- ogy companies have a tendency to reinvent the wheel and claim they have created a new category. Yet only two groups can truly create categories: analysts and custom- ers. For this reason, it is important for technology compa- nies to manage their relationships with analysts in order to attract consumers.

9. The rapidly changing environment demands that you stay in tune with your internal and external envi- ronment. The rapid pace of innovation in the technology sector dictates that marketers closely observe the market conditions in which their brands do business. Trends in brand strategy change almost as rapidly as the technology.
10. Invest the time to understand the technology and value proposition and do not be afraid to ask ques- tions. It is important for technology marketers to ask ques- tions in order to educate themselves and build credibility with the company's engineering corps and with custom- ers. To build trust among engineers and customers, mar- keters must strive to learn as much as they can about the technology.

Sources: Patrick Tickle, Kevin Lane Keller, and Keith Richey, "Brand- ing in High-Technology Markets," Market Leader 22 (Autumn 2003): 21–26; Jakki Mohr, Sanjit Sengupta, and Stanley Slater, Marketing of High-Technology Products and Innovations, 3rd ed. (Upper Sad- dle River, NJ: Pearson Prentice Hall, 2010); Eloise Coupey, Digital Business: Concepts and Strategies, 2nd ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2005).



Corporate credibility is key in terms of expertise, trustworthiness, and likability. Variability is more of an issue with professional services because it is harder to standardize the services of a consulting firm than those of a typical consumer services firm (like Mayflower movers or Orkin pest control). Long- term relationships are crucial too; losing one customer can be disastrous if it is a big enough account.

One big difference in professional services is that individual employees have a lot more of their own equity in the firm and are often brands in their own right! The challenge is therefore to ensure that their words and actions help build the corporate brand and not just their own. Ensuring that the organization retain at least some of the equity that employees (especially senior ones) build is thus crucial in case any of them leave.

Referrals and testimonials can be powerful when the services offered are highly intangible and subjective. Emotions also play a big role in terms of sense of security and social approval. Switching costs can be significant and pose barriers to entry for competitors, but clients do have the opportunity to bargain and will often do so to acquire more customized solutions.

Retailers and Distributors

To retailers and other channel members distributing products, brands provide a number of important functions. Brands can generate consumer interest, patronage, and loyalty in a store, as consumers learn to expect certain brands and products. To the extent "you are what you sell," brands help retailers create an image and establish positioning. Retailers can also create their own brand image by attaching unique associations to the quality of their service, their product assortment and merchandising, and their pric- ing and credit policy. Finally, the appeal and attraction of brands, whether manufacturers' brands or the retailers' own brands, can yield higher price margins, increased sales volumes, and greater profits.

Retailers can introduce their own brands by using their store name, creating new names, or some combination of the two. Many distributors, especially in Europe, have actually introduced their own brands, which they sell in addition to—or sometimes even instead of—manufacturers' brands. Products bearing these store brands or private label brands offer another way for retailers to increase customer loyalty and generate higher margins and profits.

By mid-July 2009, private labels accounted for 17 percent of grocery purchases in food, drug, and mass merchandisers in North America.21 In Britain, five or six grocery chains selling their own brands account for roughly half the country's food and packaged-goods sales, led by Sainsbury and Tesco. Another top British retailer, Marks & Spencer, sells only its own-brand goods, under the label of St. Michael. Several U.S. retail- ers also emphasize their own brands. (Chapter 5 considers store brands and private labels in greater detail.)

The Internet has transformed retailing in recent years as retailers have adopted a "bricks and clicks" approach to their business or, in many cases, become pure-play online retailers, operating only on the Web. Regardless of the exact form, to be competitive online, many retailers have had to improve their online service by making customer service agents available in real time, shipping prod- ucts promptly, providing tracking updates, and adopting liberal return policies.

Online Products and Services

Some of the strongest brands in recent years have been born online. Google, Facebook, and Twitter are three notable examples. That wasn't always the case. At the onset of the Internet, many online marketers made serious—and sometimes fatal—mistakes. Some oversimplified the branding pro- cess, equating flashy or unusual advertising with building a brand. Although such marketing efforts sometimes caught consumers' attention, more often than not they failed to create awareness of what products or services the brand represented, why those products or services were unique or different, and most important, why consumers should visit their Web site.

Online marketers now realize the realities of brand building. First, as for any brand, it is critical to create unique aspects of the brand on some dimension that is important to consumers, such as conve- nience, price, or variety. At the same time, the brand needs to perform satisfactorily in other areas, such as customer service, credibility, and personality. For instance, customers increasingly began to demand higher levels of service both during and after their Web site visits.

Successful online brands have been well positioned and have found unique ways to satisfy consumers' unmet needs. By offering unique features and services to consumers, the best online brands are able to avoid extensive advertising or lavish marketing campaigns, relying more on word-of-mouth and publicity.

• Hulu enables consumers to watch videos of their past and present favorite TV programs at their own convenience.

• Pandora allows customers to customize online radio stations with bands and genres they enjoy, while learning about other music they might also like.

• Online encyclopedia Wikipedia provides consumers with extensive, constantly updated, user-gen- erated information about practically everything.

Google is perhaps the classic example of how to build a successful online brand.

GOOGLE

Founded in 1998 by two Stanford University Ph.D. students, Google takes its name from a play on the word googol—the number 1 followed by 100 zeroes—a reference to the huge amount of data online. Google's mission is to structure the world's information in a useful way and make it available to everyone, anywhere, and anytime. The company has become the market leader in the search engine industry through its business focus and constant inno- vation. Its home page focuses on searches but also allows users to employ many other Google services. By focusing on plain text, avoiding pop-up ads, and using sophisticated search algorithms, Google provides fast and reliable ser- vice. Google's revenue traditionally was driven by search ads, text-based boxes that advertisers pay for only when us- ers click on them. Increasingly, Google is seeking additional sources of revenue from new services and acquisitions.22

Google's classic application of branding principles has helped to made it an industry powerhouse.

Source: TassPhotos/Newscom





Online brands also learned the importance of off-line activities to draw customers to Web sites. Home page Web addresses, or URLs, began to appear on all collateral and marketing material. Partner- ships became critical as online brands developed networks of online partners and links. They also began to target specific customer groups—often geographically widely dispersed—for which the brand could offer unique value propositions. As we will describe more in Chapter 6, Web site designs have finally begun to maximize the benefits of interactivity, customization, and timeliness and the advantages of be- ing able to inform, persuade, and sell all at the same time.

## People and Organizations

When the product category is people or organizations, the naming aspect of branding, at least, is gen- erally straightforward. These often have well-defined images that are easily understood and liked (or disliked) by others. That's particularly true for public figures such as politicians, entertainers, and pro- fessional athletes. All these compete in some sense for public approval and acceptance, and all benefit from conveying a strong and desirable image.

### SANJEEV KAPOOR

Sanjeev Kapoor is the most celebrated face of Indian cuisine today. He is a chef extraordinaire, restaurateur, runs a successful television channel "FoodFood", has authored several best-selling cookbooks, and is the win- ner of several culinary awards! He is living his dream of making Indian cuisine the No. 1 cuisine in the world and empowering Indian women to become self-sufficient through the power of cooking.

Sanjeev Kapoor is the Managing Director of Khana Khazana India Pvt Ltd and the co-owner of the television channel FoodFood, which was launched in 2011. He also runs a TV production company and has launched www.sanjeevkapoor.com, a very popular website dedi- cated to food. Along with this, he has a major presence in the digital and social media and partners a company "Wonderchef" for selling kitchen gadgets. He has also made his name in the edible products market under the brand name, "Sanjeev Kapoor's Khazana".

His culinary show, "Khana Khazana" has proved to be a pioneer in Indian television and it has been telecast non-stop for more than 17 years. It has also won the "Best Cookery Show" award by Indian Television Acad- emy (ITA) and Indian Telly Awards year after year. Cur- rently, he is also serving as the brand ambassador for a selected list of commercial brands.

Sanjeev Kapoor: The Doyen of the Indian Culinary World

Source: Monica Bhide, "Sanjeev Kapoor, India's chef to millions", 24 February 2010, http://www.washingtonpost.com; www.sanjeevkapoor.com

That's not to say that only the well-known or famous can be thought of as a brand. Certainly, one key for a successful career in almost any area is that co-workers, superiors, or even important people outside your company or organization know who you are and recognize your skills, talents, attitude, and so forth. By building up a name and reputation in a business context, you are essentially creating your own brand.23 The right awareness and image can be invaluable in shaping the way people treat you and interpret your words, actions, and deeds.24
Image source: Khana Khazana India Pvt. Ltd

Similarly, organizations often take on meanings through their programs, activities, and products. Nonprofit organizations such as the Sierra Club, the American Red Cross, and Amnesty International have increasingly emphasized marketing. The children's advocate nonprofit UNICEF has initiated a number of marketing activities and programs through the years.

UNICEF

UNICEF launched its "Tap Project" campaign in 2007, which asked diners to pay $1 for a glass of New York City tap water in restaurants, with the funds going to support the organization's clean water programs. That was the first time UNICEF had run a consumer campaign in over 50 years. The UNICEF logo was featured on the Barcelona soccer team's jersey from 2006 to 2011 under an arrangement in which the team donated $2 million annually to the organization. UNICEF launched another consumer campaign in the UK in February 2010. This five-year "Put it Right" campaign features celebrity ambassadors for the organization and aims to protect the rights of children. One of UNICEF's most successful corporate relationships has been with IKEA. The partnership, which also empha- sizes children's rights, was established in 2000 and encompasses direct donations from IKEA and an annual toy campaign, the sales from which directly benefit UNICEF programs.25

Nonprofit organizations like UNICEF need strong brands and modern marketing practices to help them fundraise and satisfy their organizational goals and mission. Source: Picture Contact BV/Alamy

Sports, Arts, and Entertainment

A special case of marketing people and organizations as brands exists in the sports, arts, and enter- tainment industries. Sports marketing has become highly sophisticated in recent years, employing traditional packaged-goods techniques. No longer content to allow win–loss records to dictate atten- dance levels and financial fortunes, many sports teams are marketing themselves through a creative combination of advertising, promotions, sponsorship, direct mail, digital, and other forms of com- munication. By building awareness, image, and loyalty, these sports franchises are able to meet ticket sales targets regardless of what their team's actual performance might turn out to be. Brand symbols and logos in particular have become an important financial contributor to professional sports through licensing agreements.

Branding plays an especially valuable function in the arts and entertainment industries that bring us movies, television, music, and books. These offerings are good examples of experience goods: prospective buyers cannot judge quality by inspection and must use cues such as the particular people involved, the concept or rationale behind the project, and word-of-mouth and critical reviews. Think of a movie as a product whose "ingredients" are the plot, actors, and director.26 Certain movie franchises such as Spider Man, James Bond, and Twilight have established themselves as strong brands by combining all these ingredients into a formula that appeals to consumers and al- lows the studios to release sequels (essentially brand extensions) that rely on the title's initial popu- larity. For years, some of the most valuable movie franchises have featured recurring characters or ongoing stories, and many successful recent films have been sequels. Their success is due to the fact that moviegoers know from the title and the actors, producers, directors, and other contributors that they can expect a certain experience—a classic application of branding.

HARRY POTTER

With its ability to transcend its original format—books—the Harry Potter film series has been likened to the Star Wars franchise. All seven of the popular novels have been turned into blockbuster movies, generating over $7.7 bil- lion worldwide by the end of 2011. In the first year it launched Harry Potter toys, Mattel saw $160 million in sales. And in 2010, Universal Studios opened a Florida theme park based on the Harry Potter stories. The Harry Potter empire has been praised for its attention to core marketing techniques—a good product, emotional involvement of its consumers, word-of-mouth promotion, "tease" marketing, and brand consistency. Several estimates have pegged the Harry Potter brand to be worth $15 billion, which, beyond the movies and the books, included more than $1 billion in DVD sales, nearly $12 million in licensing, and $13 million in music sales related to the films.27

Few brands have generated as much worldwide consumer loyalty—and profits—as Harry Potter. Source: WARNER BROS. PICTURES/Album/Newscom



Place Branding

Branding is not limited to vacation destinations. Countries, states, and cities large and small are beginning to brand their respective images as they try to draw visitors or encourage relocation. Some notable early examples of place branding include "Virginia Is for Lovers" and "Shrimp on the Barbie" (Australia). Now virtually every physical location, area, or region considers place branding. More recent examples include Santa Rosa's new slogan "Place of Plenty" and the "Cleveland Plus" campaign. The San Diego Convention and Visitors Bureau ran an integrated campaign, titled "Happy Happens," in 2009.

Las Vegas ran its hugely successful "What Happens Here, Stays Here" campaign beginning in 2003. The ads were meant to sell Las Vegas as an experience. In 2008, the city took a differ- ent route, selling Vegas differently and in more practical terms in light of the economy. The "What Happens Here" ads returned in 2009, however, when marketing research showed that con- sumers missed them. In 2010, the Las Vegas Convention and Visitors Authority had an $86 million advertising campaign bud- get, larger than the city's top competitors' budgets combined.

Branding countries to increase appeal to tourists is also a growing phenomenon. Some recent success stories include Spain's use of a logo designed by Spanish artist Joan Miró, the "Incredible India" campaign, and New Zealand's marketing of itself in relation to the Lord of the Rings movie franchise. Some other tourist slogans include "No Artificial Ingredients" for Costa

Rica and “Mother Nature’s Best-Kept Secret” for Be- lize. Future Brand, a brand consultancy and research company, ranks countries on the strengths of their respective brands. In 2010, it deemed the top five country brands to be Canada, Australia, New Zealand, the United States, and Switzerland.

Sources: Roger Yu, “Cities Use Destination Branding to Lure Tour- ists,” USA Today, 12 February 2010; Yana Polikarpov, “Visitors Bu- reau Lures Tourists to ‘Happy’ San Diego,” Brandweek, 23 April 2009; Liz Benston, “Will Vegas Advertising That Worked Before, Work Again?,” Las Vegas Sun, 27 September 2009; Sean O’Neill, “Careful with Those Tourist Slogans,” Budget Travel, 24 September 2009; John Cook, “Packaging a Nation,” Travel + Leisure, January 2007.

BRANDING BRIEF 1-3

A strong brand is valuable in the entertainment industry because of the fervent feelings that names generate as a result of pleasurable past experiences. A new album release from Neil Finn would prob- ably not cause much of a ripple in the marketplace, even if it were marketed as coming from a founding member of the band Crowded House. If it were to actually be released and marketed under the Crowded House name, however, greater media attention and higher sales would be virtually guaranteed.

Geographic Locations

Increased mobility of both people and businesses and growth in the tourism industry have contributed to the rise of place marketing. Cities, states, regions, and countries are now actively promoted through advertising, direct mail, and other communication tools. These campaigns aim to create awareness and a favorable im- age of a location that will entice temporary visits or permanent moves from individuals and businesses alike. Although the brand name is usually preordained by the name of the location, there are a number of different considerations in building a place brand, some of which are considered in Branding Brief 1-3.

Ideas and Causes

Finally, numerous ideas and causes have been branded, especially by nonprofit organizations. They may be captured in a phrase or slogan and even be represented by a symbol, such as AIDS rib- bons. By making ideas and causes more visible and concrete, branding can provide much value. As Chapter 11 describes, cause marketing increasingly relies on sophisticated marketing practices to inform or persuade consumers about the issues surrounding a cause.

WHAT ARE THE STRONGEST BRANDS?

It’s clear from these examples that virtually anything can be and has been branded. Which brands are the strongest, that is, the best known or most highly regarded? Figure 1-5 reveals Interbrand’s ranking of the



2011 Brand 2011 Brand Rank Value

2010 Brand 2011–2010 Value Percent Change

70,452 2% 64,727 8% 60,895 23% 43,557 27% 42,808 0% 33,578 6% 32,015 10% 21,143 58% 28,731 1% 26,867 6% 26,192 6% 25,179 9% 23,219 9% 29,495 215% 22,322 10% 23,298 3% 19,491 20% 21,860 6% 18,506 5% 14,881 16% 16,136 2% 14,061 4% 13,944 5% 12,756 14% 13,706 6%

Country of Ownership

United States United States United States United States United States United States United States United States United States United States Japan Germany United States Finland Germany United States South Korea France
Japan
United States Sweden United States United States Germany United States
1 Coca-Cola
2 IBM
3 Microsoft
4 Google
5 GE
6 McDonald's
7 Intel
8 Apple
9 Disney
10 Hewlett-Packard
11 Toyota
12 Mercedes-Benz
13 Cisco
14 Nokia
15 BMW
16 Gillette
17 Samsung
18 Louis Vuitton
19 Honda
20 Oracle
21 H&M
22 Pepsi
23 American Express
24 SAP
25 Nike
71,861 69,905 59,087 55,317 42,808 35,593 35,217 33,492 29,018 28,479 27,764 27,445 25,309 25,071 24,554 23,997 23,430 23,172 19,431 17,262 16,459 14,590 14,572 14,542 14,528
FIGURE 1-5
Twenty-Five Most Valuable Global Brands
Sources: Based on Interbrand. “The 100 Most Valuable Global Brands 2011,” pp. 17–43. Interbrand. “Best Global Brands 2010,” p. 14.
world’s 25 most valuable brands in 2011 based on its brand valuation methodology (see Chapter 10), as published in its annual “Best Global Brands” report.28
We can easily find some of the best-known brands by simply walking down a supermarket aisle. It’s also easy to identify a number of other brands with amazing staying power that have been market leaders in their categories for decades. According to research by marketing consultant Jack Trout, in 25 popular product categories, 20 of the leading brands in 1923 were still leading brands over 80 years later—only five have lost their leadership position.29

Similarly, many brands that were number one in the United Kingdom in 1933 remain strong today: Ho- vis bread, Stork margarine, Kellogg's Corn Flakes, Cadbury's chocolates, Gillette razors, Schweppes mix- ers, Brooke Bond tea, Colgate toothpaste, and Hoover vacuum cleaners. Many of these brands have evolved over the years, however, and made a number of changes. Most of them barely resemble their original forms.

At the same time, some seemingly invincible brands, including Levi-Strauss, General Motors, Montgomery Ward, Polaroid, and Xerox, have run into difficulties and seen their market preeminence challenged or even lost. Although some of these failures are related to factors beyond the control of the

firm, such as technological advances or shifting consumer preferences, in other cases the blame could probably be placed on the action or inaction of the marketers behind the brands. Some failed to account for changing market conditions and continued to operate with a "business as usual" attitude or, perhaps even worse, recognized that changes were necessary but reacted inadequately or inappropriately. The Science of Branding 1-3 provides some academic insights into factors affecting market leadership.

The bottom line is that any brand—no matter how strong at one point in time—is vulnerable and susceptible to poor brand management. The next section discusses why it is so difficult to manage

THE SCIENCE OF BRANDING 1-3



Understanding Market Leadership

The extent of the enduring nature of market leader- ship has been the source of much debate. According to a study by Dartmouth's Tuck School of Business Profes- sor Peter Golder, leading brands are more likely to lose their leadership position over time than retain it. Golder evalu- ated more than 650 products in 100 categories and compared the category leaders from 1923 with the cat- egory leaders in 1997 (see Figure 1-6). His study found that only 23 of the top brands in the 100 categories remained mar- ket leaders in 1997, and 28 percent of the leading brands had failed by 1997. The clothing and fashion category experienced the greatest percentage of failures (67 percent) and had no brands that remained leaders in 1997. Leaders in the food and beverage category fared better, with 39 percent of brands maintaining leadership while only 21 percent failed.

Golder uses Wrigley, which has dominated the chewing gum market for nine decades, as an example of a long-term leader. According to Golder, Wrigley's success is based on three factors: "maintaining and building strong brands, focusing on a single product, and being in a category that has not changed much." Wrigley has consistently marketed its brand with high- profile sponsorship and advertising. It also used subsidiaries to extend into new product categories like sugarless gum and bubblegum, so as not to dilute the brand. Wrigley's sole focus on chewing gum enables the company to achieve maximum results in what is considered a mature category. During the 1990s, sales of Wrigley's products grew almost 10 percent an- nually. Finally, the chewing gum market is historically stable and uncomplicated. Still, Wrigley's makes considerable investments in product and packaging improvement to maintain its edge.

One 1923 leader that did not maintain leadership was Underwood typewriters. Underwood's primary mis- take was lack of innovation. Rather than invest in research and develop- ment, Underwood followed a harvest- ing strategy that sought the highest margin possible for its products. By 1950, several competitors had already invested in computer technology, whereas Underwood acquired a small computer firm only in 1952. Subse- quent developments in the market further damaged Underwood's posi- tion. Between 1956 and 1961, lower- priced foreign competitors more than doubled their share of manual type- writer sales. Sales of electric typewrit- ers, which Underwood did not make, overtook sales of manual typewriters in the early 1960s. Olivetti acquired Underwood in the mid-1960s, and the brand name was dropped in the 1980s.

By failing to innovate beyond manual typewriters, Underwood was left behind when consumers moved on to electric typewriters.

Source: Peter Carroll/Alamy



THE SCIENCE OF BRANDING 1-3 (continued)

Category

Cleansers

Chewing gum

Motorcycles

Five cent mint candies

Peanut butter Razors

Soft drinks Coffee Laundry soap Cigarettes Shoes

Candy

Jelly or jam

1923 Leaders

Old Dutch

Wrigley Adams

Indian Harley-Davidson

Life Savers

Beech-Nut Heinz

Gillette Gem

Ever ready

Coca-Cola Cliquot Club Bevo

Arbuckle's Yuban White House Hotel Astor

Fels Naptha Octagon Kirkman

Camel Fatima Pall Mall

Douglas Walkover

Huyler's

Loft

Page & Shaw

Heinz

1997 Leaders

Comet Soft Scrub Ajax

Wrigley's Bubble Yum Bubblicious

Harley-Davidson Honda Kawasaki

Breath-Savers Tic Tac
Certs
Jif
Skippy Peter Pan
Gillette Bic Schick
Coca-Cola
Pepsi
Dr. Pepper/Cadbury
Folger's Maxwell House Hills Bros.
Tide Cheer Wisk
Marlboro Winston Newport
Nike Reebok
Hershey M&M/Mars Nestlé
Smucker's Welch's Kraft

FIGURE 1-6
Brands Then and Now
Source: Reprinted
with permission from Journal of Marketing Research, published
by the American Marketing Association, May 2000, pp. 156–172.



Enduring brands like Unilever's Lifebuoy—marketed to the rural segment predominantly—has responded to consumer-need changes adequately. The brand, its position, and the communication to the rural market consumer in India have evolved based on the customer-need shifts that the company could foresee and adapt to. The type and class of media used for Lifebuoy's communication has also kept pace with the changes in the Indian rural consumer's media consumption habits and the media opportunities available in these remote markets.

Also, some brands have strategically invaded new markets to capitalize on their brand equity. For example, Idea Cellular and Airtel have extended their reach into tier-II and tier-III towns, and have also penetrated the rural markets by capitalizing on the technological leap that the cellular phone industry in India is witnessing. These brands have ridden on the positive consumer trends and need-changes very effectively.

Leadership brands can also be vulnerable to challenges that come from failure to discern consumer-need shifts, giving opportunities to newer brands. In the powdered detergent market, Unilever's Surf in the mid-70's was successfully challenged by Nirma as a low-priced acceptable quality option for the upgrading middle market who were gradually moving away from cake soaps. Nirma strongly challenged Surf on price and quickly and gained volume shares. It took Surf almost 10 years of hard marketing battle to wrest brand share and image leadership over Nirma.

Another example is how a brand leader, such as Robin Blue Powdered Optical Whitener, lost share and market leadership to Ujala Supreme. Ujala Supreme discovered product and packaging problems in Robin Blue and opened out grounds to assert leadership over a period of 10 years. It gained a huge market share in the liquid optical whitener market in India by meeting the needs of the lower income consumers, and is currently the market leader.

Golder and his co-author Gerard Tellis argue that dedication to the brand is vital to sustain brand leadership. They comment:

The real causes of enduring market leadership are vision and will. Enduring market leaders have a revolutionary and inspiring vision of the mass market, and they exhibit an indomitable will to realize that vision. They persist under adversity, innovate relentlessly, commit financial resources and leverage assets to realize their vision.

Follow-up research by Golder and his colleagues of brand leaders in 126 categories over a span from 1921 to 2005 found the following:

• Leading brands are more likely to persist during economic slowdowns and when inflation is high, and less likely to per- sist during economic expansion and when inflation is low.

• Half the leading brands in the sample lost their leadership over periods ranging from 12 to 39 years.

• The rate of brand leadership persistence has been substan- tially lower in recent eras than in earlier eras.

FIGURE 1-7

Factors Determining Enduring Leadership in India

Source: Teaching notes by Professor Isaac Jacob, K J Somaiya Institute of Management Studies and Research, Mumbai.

• Once brand leadership is lost, it is rarely regained.

• Category types with above-average rates of brand leader- ship persistence are food and household supplies; category types with below-average rates of brand leadership persis- tence are durables and clothing.

• The various factors for determining enduring leadership in the Indian market have been explained in Figure 1-7.

Sources: Peter N. Golder, Julie R. Irwin, Debanjan Mitra, “Will You Still Try Me, Will You Still Buy Me, When I’m 64? How Economic Condi- tions Affect Long-Term Brand Leadership Persistence,” working paper, Tuck School of Business at Dartmouth College, 2011; Peter N. Golder, “Historical Method in Marketing Research with New Evidence on Long- Term Market Share Stability,” Journal of Marketing Research, 37 (May 2000): 156–172; Peter N. Golder and Gerard J. Tellis, “Growing, Grow- ing, Gone: Cascades, Diffusion, and Turning Points in the Product Life Cycle,” Marketing Science, 23 (Spring 2004): 207–218; Laurie Freeman, “Study: Leading Brands Aren’t Always Enduring,” Advertising Age, 28 February 2000; Gerald J. Tellis and Peter N. Golder, “First to Market, First to Fail? Real Causes of Enduring Market Leadership,” MIT Sloan Management Review, 1 January 1996.



brands in today’s environment. Figure 1-8 displays an analysis of fast-growing “breakaway brands” by leading marketing consultant firm Landor. Brand Focus 1.0 at the end of the chapter describes some of the historical origins of branding and brand management.

## BRANDING CHALLENGES AND OPPORTUNITIES

Although brands may be as important as ever to consumers, in reality brand management may be more difficult than ever. Let’s look at some recent developments that have significantly complicated market- ing practices and pose challenges for brand managers (see Figure 1-9).30

### Savvy Customers

Increasingly, consumers and businesses have become more experienced with marketing, more knowledge- able about how it works, and more demanding. A well-developed media market pays increased attention to companies' marketing actions and motivations. Consumer information and support exists in the form of consumer guides (Consumer Reports), Web sites (Epinions.com), influential blogs, and so on.

FIGURE 1-8

Landor Breakaway Brands (2011)

The Breakaway Brands

survey, conducted by Landor Associates using Young & Rubicam's BrandAsset Valuator database, identifies those brands that exhibited the greatest increases in Brand Strength from 2007–2010. Growth in brand strength indicates how much the brand's raw strength score has risen over the past three years, expressed in percentage terms (www.landor.com).

Brand

Facebook Skype YouTube Netflix

Samsung Apple

iTunes Amazon.com Reese's National Guard

Growth in Brand Strength 2007–2010

195% 79% 78% 72%

66% 51% 50% 44% 42% 35%

Savvy customers

More complex brand families and portfolios Maturing markets

More sophisticated and increasing competition Difficulty in differentiating

Decreasing brand loyalty in many categories Growth of private labels

Increasing trade power

Fragmenting media coverage

Eroding traditional media effectiveness

Emerging new communication options

Increasing promotional expenditures

Decreasing advertising expenditures

Increasing cost of product introduction and support Short-term performance orientation

Increasing job turnover

Pronounced economic cycles

FIGURE 1-9

Challenges to Brand Builders



Friends/peers 81% Fashion magazines 68% Ads 58% Company Web sites 44%

Consumer Reviews 36% Celebrities 33% Parents/adults 25% Bloggers 14%

FIGURE 1-10

Example of Multiple Consumer Information Sources (Percentage of teen girls, ages 13–18, who identify a source of information they typically use when trying to learn about the latest trends)

Source: Varsity Brands/Ketchum Global Research Network, as cited in "Teen Girls as Avid Shoppers," ADWEEK MEDIA, 15 November 2010.

One of the key challenges in today's marketing environment is the vast number of sources of in- formation consumers may consult. Figure 1-10 displays some of the ways teenage girls collect infor- mation. For these and other reasons, many believe that it is more difficult to persuade consumers with traditional communications than it used to be. An empowered consumer may play a more active role in a brand's fortune, as has been the case with Converse.

CONVERSE

CMO Geoff Cottrill maintains that an important priority at Converse is "to shut up and listen." With a small budget, marketing for the brand has focused on digital and social media. The Web site is chock full of consumer- generated content. On Facebook, the brand went from 6 to 9 million fans as consumers chose to take pictures of their shoes, draw on them, and post about them. Cottrill notes that although there are places where the company tells stories about its shoes—in stores and on the Web site—"for the most part we let the conversation go ... it's those creative people that are really pushing the brand." The brand has also functioned as a curator of sorts for new music, art, and entertainment. Converse has built a studio called Rubber Tracks in New York City to support new, emerging bands by allowing them to record there for free.31

Converse has reinvigorated its brand by getting consumers actively involved in its marketing.
Source: Kristoffer Tripplaar/Alamy

 Economic Downturns

A severe recession that commenced in 2008 threatened the fortunes of many brands. One research study of consumers at the end of 2009 found the following sobering facts:32

- 18 percent of consumers reported that they had bought lower-priced brands of consumer packaged goods in the past two years.
- 46 percent of the switchers to less expensive products said "they found better performance than they expected," with the vast majority saying performance was actually much better than expected.
- 34 percent of the switchers said "they no longer preferred higher-priced products."

As the economy appeared to move out of the recession, the question was whether attitudes and behaviors that did change would revert back to their pre-recession norms. Regardless, there will always be economic cycles and ups and downs, and The Science of Branding 1-4 offers some guidelines for marketing brands during economic downturns.

THE SCIENCE OF BRANDING 1-4

Marketing Brands in a Recession

Tough times present opportunities as well as challenges, as was the case with the most recent recession. Although many marketers face reduced funding and intense pressure to jus- tify marketing programs as cost-effective, there are tactics that can help marketers survive—or even thrive—in a recession, both in the short run and over the long haul. Here are five guidelines to improve the odds for success during this time.

Explore the Upside of Actually Increasing Investment

Does it pay to invest during a recession? Forty years of evi- dence from past recessions suggest that firms willing to capitalize on a marketing opportunity by investing during a recession have, on average, improved their fortunes compared with firms that chose to cut back.

Now, More Than Ever, Get Closer to Your Consumer

In tough times, consumers may change what they want and can afford, where and how they shop, even what they want to see and hear from a firm. A downturn is an opportunity for marketers to learn even more about what consumers are thinking, feeling, and doing, especially the loyal customer base that is the source of so much of a brand's profitability. Any changes must be identified and characterized as tempo- rary adjustments versus permanent shifts.

Rethink How You Spend Your Money

Budget allocations can be sticky and not change enough to reflect a fluid marketing environment. A recession provides an
opportunity for marketers to closely review how much and in what ways they are spending their money. Budget realloca- tions can allow marketers to try new, promising options and eliminate sacred-cow approaches that no longer provide suf- ficient revenue benefits.

Put Forth the Most Compelling Value Proposition

It's a mistake in a recession to be overly focused on price re- ductions and discounts that can harm long-term brand equity and price integrity. Marketers should focus on increasing— and clearly communicating—the value their brands offer consumers, making sure consumers appreciate all the finan- cial, logistical, and psychological benefits compared with the competition.

Fine-Tune Your Brand and Product Offerings

Marketers must make sure they have the right products to sell to the right consumers in the right places and times. They should carefully review their product portfolios and brand ar- chitecture to ensure that brands and sub-brands are clearly differentiated and targeted, and that optimal support is given to brands and sub-brands based on their prospects. Because certain brands or sub-brands appeal to different economic segments, those that target the lower end of the socioeco- nomic spectrum may be particularly important during a reces- sion. Bad times also are an opportunity to prune brands or products that have diminished prospects.

Brand Proliferation

Another important change in the branding environment is the proliferation of new brands and products, in part spurred by the rise in line and brand extensions. As a result, a brand name may now be identi- fied with a number of different products with varying degrees of similarity. Marketers of brands such as Coke, Nivea, Dove, and Virgin have added a host of new products under their brand umbrellas in recent years. There are few single (or "mono") product brands around, which complicates the decisions that marketers have to make.

With so many brands engaged in expansion, channels of distribution have become clogged, and many brand battles are waged just to get products on the shelf. The average supermarket now holds 30,000 different brands, three times the number 30 years ago.33

Media Transformation

Another important change in the marketing environment is the erosion or fragmentation of traditional advertising media and the emergence of interactive and nontraditional media, promotion, and other communication alternatives. For several reasons related to media cost, clutter, and fragmentation—as outlined in Chapter 6—marketers have become disenchanted with traditional advertising media, espe- cially network television.

Thus the percentage of the communication budget devoted to advertising has shrunk over the years. In its place, marketers are spending more on nontraditional forms of communication and on new and emerging forms of communication such as interactive digital media; sports and event sponsorship; in- store advertising; mini-billboards in transit vehicles, parking meters, and other locations; and product placement in movies.

Consider how Procter & Gamble (P&G) has dramatically changed its marketing communica- tions in recent years. The one-time queen of daytime TV soap operas—the company produced the shows and ran ads during the broadcasts—P&G has dramatically overhauled the way it markets its brands. It no longer airs any soap operas and puts more emphasis on social media instead. The com- pany sells Pampers diapers on Facebook, offers an iPhone application for Always feminine products that allows women to track menstrual cycles and ask questions, and uses social media to sell its tra- ditionally male-targeted Old Spice personal care products.34

OLD SPICE

Old Spice's "Smell Like a Man, Man" campaign became a viral and pop culture sensation in 2010. The tongue-in- cheek ad featured rugged ex-NFL football player Isaiah Mustafa as "The Man Your Man Could Smell Like." In one seamless take, Mustafa confidently strikes a variety of romantic poses while taking a shower in a bathroom, then standing on a boat, then riding a white horse. Old Spice's Facebook page included a Web application called "My Perpetual Love," which featured Mustafa offering men the opportunity to be "more like him" by e-mailing and tweeting their sweethearts virtual love notes. The campaign's effectiveness is evident in the staggering number of responses it received: 1.8 billion impressions (people who saw, read, or heard about the commercials); over 140 million YouTube views; and a 2700 percent increase in Twitter followers.35

Increased Competition

One reason marketers have been forced to use so many financial incentives or discounts is that the mar- ketplace has become more competitive. Both demand-side and supply-side factors have contributed to the increase in competitive intensity. On the demand side, consumption for many products and services has flattened and hit the maturity stage, or even the decline stage, of the product life cycle. As a result, marketers can achieve sales growth for brands only by taking away competitors' market share. On the supply side, new competitors have emerged due to a number of factors, such as the following:

• Globalization: Although firms have embraced globalization as a means to open new markets and potential sources of revenue, it has also increased the number of competitors in existing markets, threatening current sources of revenue.





• Low-priced competitors: Market penetration by generics, private labels, and low-priced "clones" imitating product leaders has increased on a worldwide-basis. Retailers have gained power and often dictate what happens within the store. Their chief marketing weapon is price, and they have introduced and pushed their own brands and demanded greater compensation from trade promo- tions to stock and display national brands.

• Brand extensions: We've noted that many companies have taken their existing brands and launched products with the same name into new categories. Many of these brands provide formidable oppo- sition to market leaders.

• Deregulation: Certain industries like telecommunications, financial services, health care, and trans- portation have become deregulated, leading to increased competition from outside traditionally de- fined product-market boundaries.

### Increased Costs

At the same time that competition is increasing, the cost of introducing a new product or supporting an existing product has increased rapidly, making it difficult to match the investment and level of support that brands were able to receive in previous years. In 2008, about 123,000 new consumer products were introduced in the United States, but with a failure rate estimated at over 90 percent. Given the millions of dollars spent on developing and marketing a new product, the total failure cost was conservatively estimated by one group to exceed billions of dollars.36

### Greater Accountability

Finally, marketers often find themselves responsible for meeting ambitious short-term profit targets because of financial market pressures and senior management imperatives. Stock analysts value strong and consistent earnings reports as an indication of the long-term financial health of a firm. As a result, marketing manag- ers may find themselves in the dilemma of having to make decisions with short-term benefits but long-term costs (such as cutting advertising expenditures). Moreover, many of these same managers have experienced rapid job turnover and promotions and may not anticipate being in their current positions for very long. One study found that the average tenure of a CMO is about three and a half years, suggesting they have little time to make an impact.37 These different organizational pressures may encourage quick-fix solutions with perhaps adverse long-run consequences.

## THE BRAND EQUITY CONCEPT

Marketers clearly face a number of competitive challenges, and some critics feel the response of many has been ineffective or, worse, has further aggravated the problem. In the rest of this book, we'll present theories, models, and frameworks that accommodate and reflect marketing's new challenges in order to provide useful managerial guidelines and suggest promising new directions for future thought and research. We'll introduce a "common denominator" or unified conceptual framework, based on the con- cept of brand equity, as a tool to interpret the potential effects of various brand strategies.

One of the most popular and potentially important marketing concepts to arise in the 1980s was brand equity. Its emergence, however, has meant both good news and bad news to marketers. The good news is that brand equity has elevated the importance of the brand in marketing strategy and provided focus for managerial interest and research activity. The bad news is that, confusingly, the concept has been defined a number of different ways for a number of different purposes. No common viewpoint has emerged about how to conceptualize and measure brand equity.

Fundamentally, branding is all about endowing products and services with the power of brand eq- uity. Despite the many different views, most observers agree that brand equity consists of the marketing effects uniquely attributable to a brand. That is, brand equity explains why different outcomes result from the marketing of a branded product or service than if it were not branded. That is the view we take in this book. As a stark example of the transformational power of branding, consider the auctions sales in Figure 1-11. Without such celebrity associations, it is doubtful that any of these items would cost more than a few hundred dollars at a flea market.38

FIGURE 1-11
Notable Recent Auction Sales
Branding is all about creating differences. Most marketing observers also agree with the following basic principles of branding and brand equity:

• Differences in outcomes arise from the "added value" endowed to a product as a result of past mar- keting activity for the brand.
• This value can be created for a brand in many different ways.
• Brand equity provides a common denominator for interpreting marketing strategies and assessing
the value of a brand.
• There are many different ways in which the value of a brand can be manifested or exploited to ben-
efit the firm (in terms of greater proceeds or lower costs or both).

Fundamentally, the brand equity concept reinforces how important the brand is in marketing strate- gies. Chapters 2 and 3 in Part II of the book provide an overview of brand equity and a blueprint for the rest of the book. The remainder of the book addresses in much greater depth how to build brand equity (Chapters 4–7 in Part III), measure brand equity (Chapters 8–10 in Part IV), and manage brand equity

A sweater is just a sweater, unless it was worn or owned by Marilyn Monroe, in which case it could be worth thousands of dollars.
Source: Album/Newscom



• A glove Michael Jackson wore on tour sold for $330,000 in 2010.
• A '29 Duesenberg Model J Dual Cowl Phaeton driven by Elvis Presley
in the 1966 movie Spinout sold for $1.2 million in 2011.
• A dog collar owned by Charles Dickens sold for nearly $12,000 in 2009.
• The Supergirl costume made for the movie in 1984 sold for over $11,000 in a Christie's 2010 auction.
• A T-shirt worn by The Who's Keith Moon sold for $3,550 at another Christie's auction in 2010.
• A dress worn by Audrey Hepburn in Funny Face sold for $56,250, a sweater worn by Marilyn Monroe sold for $11,875, and a pair of earrings worn by Kate Winslet in Titanic fetched $25,000 at an auction in 2010.



(Chapters 11–14 in Part V). The concluding Chapter 15 in Part VI provides some additional applications and perspective.

The remainder of this chapter provides an overview of the strategic brand management process that helps pull all these various concepts together.

STRATEGIC BRAND MANAGEMENT PROCESS

Strategic brand management involves the design and implementation of marketing programs and ac- tivities to build, measure, and manage brand equity. In this text, we define the strategic brand manage- ment process as having four main steps (see Figure 1-12):

1. Identifying and developing brand plans

2. Designing and implementing brand marketing programs 3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity
Let's briefly highlight each of these four steps.39
Identifying and Developing Brand Plans
The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors.40 Brand planning, as described in Chapters 2 and 3, uses the following three interlocking models.
• The brand positioning model describes how to guide integrated marketing to maximize competi- tive advantages.
• The brand resonance model describes how to create intense, activity loyalty relationships with customers.
• The brand value chain is a means to trace the value creation process for brands, to better under- stand the financial impact of brand marketing expenditures and investments.
STEPS
KEY CONCEPTS
Mental maps
Competitive frame of reference Points-of-parity and points-of-
difference
Core brand associations Brand mantra
Mixing and matching of brand elements
Integrating brand marketing activities Leveraging secondary association
Brand value chain
Brand audits
Brand tracking
Brand equity management system
Brand architecture
Brand portfolios and hierarchies Brand expansion strategies Brand reinforcement and revitalization
Identify and Establish Brand Positioning and Values
Plan and Implement Brand Marketing Programs
FIGURE 1-12
Strategic Brand Management Process
Measure and Interpret Brand Performance
Grow and Sustain Brand Equity

 Designing and Implementing Brand Marketing Programs
As Chapter 2 outlines, building brand equity requires properly positioning the brand in the minds of customers and achieving as much brand resonance as possible. In general, this knowledge-building pro- cess will depend on three factors:
1. The initial choices of the brand elements making up the brand and how they are mixed and matched;

2. The marketing activities and supporting marketing programs and the way the brand is integrated
into them; and
3. Other associations indirectly transferred to or leveraged by the brand as a result of linking it to some
other entity (such as the company, country of origin, channel of distribution, or another brand).
Some important considerations of each of these three factors are as follows.
Choosing Brand Elements. The most common brand elements are brand names, URLs, logos, symbols, characters, packaging, and slogans. The best test of the brand-building contribution of a brand element is what consumers would think about the product or service if they knew only its brand name or its associated logo or other element. Because different elements have different advantages, mar- keting managers often use a subset of all the possible brand elements or even all of them. Chapter 4 exam- ines in detail the means by which the choice and design of brand elements can help to build brand equity.
Integrating the Brand into Marketing Activities and the Supporting Marketing Program. Al- though the judicious choice of brand elements can make some contribution to building brand equity, the biggest contribution comes from marketing activities related to the brand. This text highlights only some particularly important marketing program considerations for building brand equity. Chapter 5 ad- dresses new developments in designing marketing programs as well as issues in product strategy, pric- ing strategy, and channels strategy. Chapter 6 addresses issues in communications strategy.
Leveraging Secondary Associations. The third and final way to build brand equity is to leverage secondary associations. Brand associations may themselves be linked to other entities that have their own associations, creating these secondary associations. For example, the brand may be linked to certain source factors, such as the company (through branding strategies), countries or other geographical re- gions (through identification of product origin), and channels of distribution (through channel strategy), as well as to other brands (through ingredients or co-branding), characters (through licensing), spokes- people (through endorsements), sporting or cultural events (through sponsorship), or some other third- party sources (through awards or reviews).
Because the brand becomes identified with another entity, even though this entity may not di- rectly relate to the product or service performance, consumers may infer that the brand shares as- sociations with that entity, thus producing indirect or secondary associations for the brand. In essence, the marketer is borrowing or leveraging some other associations for the brand to create some associations of the brand’s own and thus help build its brand equity. Chapter 7 describes the means of leveraging brand equity.
Measuring and Interpreting Brand Performance
To manage their brands profitably, managers must successfully design and implement a brand equity measurement system. A brand equity measurement system is a set of research procedures designed to provide timely, accurate, and actionable information for marketers so that they can make the best pos- sible tactical decisions in the short run and the best strategic decisions in the long run. As described in Chapter 8, implementing such a system involves three key steps—conducting brand audits, designing brand tracking studies, and establishing a brand equity management system.

The task of determining or evaluating a brand's positioning often benefits from a brand audit. A brand audit is a comprehensive examination of a brand to assess its health, uncover its sources of equity, and suggest ways to improve and leverage that equity. A brand audit requires understanding sources of brand equity from the perspective of both the firm and the consumer.



Once marketers have determined the brand positioning strategy, they are ready to put into place the actual marketing program to create, strengthen, or maintain brand associations. Brand tracking studies collect information from consumers on a routine basis over time, typically through quantitative measures of brand performance on a number of key dimensions marketers can identify in the brand audit or other means.Chapters 9 and 10 describe a number of measures to operationalize it.

A brand equity management system is a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. Three major steps help implement a brand equity management system: creating brand equity charters, assembling brand equity reports, and defining brand equity responsibilities.

Growing and Sustaining Brand Equity

Maintaining and expanding on brand equity can be quite challenging. Brand equity management activi- ties take a broader and more diverse perspective of the brand's equity—understanding how branding strategies should reflect corporate concerns and be adjusted, if at all, over time or over geographical boundaries or multiple market segments.

Defining Brand Architecture. The firm's brand architecture provides general guidelines about its branding strategy and which brand elements to apply across all the different products sold by the firm. Two key concepts in defining brand architecture are brand portfolios and the brand hierarchy. The brand portfolio is the set of different brands that a particular firm offers for sale to buyers in a particular cat- egory. The brand hierarchy displays the number and nature of common and distinctive brand compo- nents across the firm's set of brands. Chapter 11 reviews a three-step approach to brand architecture and how to devise brand portfolios and hierarchies. Chapter 12 concentrates on the topic of brand extensions in which an existing brand is used to launch a product into a different category or sub-category.

Managing Brand Equity over Time. Effective brand management also requires taking a long-term view of marketing decisions. A long-term perspective of brand management recognizes that any changes in the supporting marketing program for a brand may, by changing consumer knowledge, affect the success of future marketing programs. A long-term view also produces proactive strategies designed to maintain and enhance customer-based brand equity over time and reactive strategies to revitalize a brand that encounters some difficulties or problems. Chapter 13 outlines issues related to managing brand equity over time.

Managing Brand Equity over Geographic Boundaries, Cultures, and Market Segments. Another important consideration in managing brand equity is recognizing and accounting for different types of consumers in developing branding and marketing programs. International factors and global branding strategies are particularly important in these decisions. In expanding a brand overseas, managers need to build equity by relying on specific knowledge about the experience and behaviors of those market segments. Chapter 14 examines issues related to broadening of brand equity across market segments.

REVIEW

This chapter began by defining a brand as a name, term, sign, symbol, or design, or some combination of these elements, intended to identify the goods and services of one seller or group of sellers and to differ- entiate them from those of competitors. The different components of a brand (brand names, logos, sym- bols, package designs, and so forth) are brand elements. Brand elements come in many different forms. A brand is distinguished from a product, which is defined as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a need or want. A product may be a physical good, service, retail store, person, organization, place, or idea.

A brand is a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. These differences may be rational and tangible—related to

product performance of the brand—or more symbolic, emotional, or intangible—related to what the brand represents. Brands themselves are valuable intangible assets that need to be managed carefully. Brands offer a number of benefits to customers and the firms.

The key to branding is that consumers perceive differences among brands in a product category. Marketers can brand virtually any type of product by giving the product a name and attaching meaning to it in terms of what it has to offer and how it differs from competitors. A number of branding chal- lenges and opportunities faced by present-day marketing managers were outlined related to changes in customer attitudes and behavior, competitive forces, marketing efficiency and effectiveness, and internal company dynamics.

The strategic brand management process has four steps:

1. Identifying and developing brand plans
2. Designing and implementing brand marketing programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity

The remainder of the book outlines these steps in detail.

DISCUSSION QUESTIONS

1. What do brands mean to you? What are your favorite brands and why? Check to see how your per- ceptions of brands might differ from those of others.
2. Who do you think has the strongest brands? Why? What do you think of the Interbrand list of the 25 strongest brands in Figure 1-5? Do you agree with the rankings? Why or why not?
3. Can you think of anything that cannot be branded? Pick an example that was not discussed in each of the categories provided (services; retailers and distributors; people and organizations; sports, arts, and entertainment) and describe how each is a brand.
4. Can you think of yourself as a brand? What do you do to “brand” yourself?
5. What do you think of the new branding challenges and opportunities that were listed in the chapter?

Can you think of any other issues?

BRAND FOCUS 1.0

History of Branding41

This appendix traces the history of branding and brand man- agement, dividing the development into six distinct phases.

## Early Origins: Before 1860

Branding, in one form or another, has been around for centuries. The original motivation for branding was for craftsmen and oth- ers to identify the fruits of their labors so that customers could easily recognize them. Branding, or at least trademarks, can be traced back to ancient pottery and stonemason's marks, which were applied to handcrafted goods to identify their source. Pot- tery and clay lamps were sometimes sold far from the shops where they were made, and buyers looked for the stamps of reliable potters as a guide to quality. Marks have been found on early Chinese porcelain, on pottery jars from ancient Greece and Rome, and on goods from India dating back to about 1300 B.C.

In medieval times, potters' marks were joined by printers' marks, watermarks on paper, bread marks, and the marks of various craft guilds. In some cases, these were used to attract buyers loyal to particular makers, but the marks were also used to police infringers of the guild monopolies and to single out the makers of inferior goods. An English law passed in 1266 re- quired bakers to put their mark on every loaf of bread sold, "to the end that if any bread bu faultie in weight, it may bee then knowne in whom the fault is." Goldsmiths and silversmiths were also required to mark their goods, both with their signa- ture or personal symbol and with a sign of the quality of the metal. In 1597, two goldsmiths convicted of putting false marks on their wares were nailed to the pillory by their ears. Similarly harsh punishments were decreed for those who counterfeited other artisans' marks.





When Europeans began to settle in North America, they brought the convention and practice of branding with them. The makers of patent medicines and tobacco manufacturers were early U.S. branding pioneers. Medicine potions such as Swaim's Panacea, Fahnestock's Vermifuge, and Perry Davis' Vegetable Pain Killer became well known to the public prior to the American Civil War. Patent medicines were packaged in small bottles and, because they were not seen as a neces- sity, were vigorously promoted. To further influence consumer choices in stores, manufacturers of these medicines printed elaborate and distinctive labels, often with their own portrait featured in the center.

Tobacco manufacturers had been exporting their crop since the early 1600s. By the early 1800s, manufacturers had packed bales of tobacco under labels such as Smith's Plug and Brown and Black's Twist. During the 1850s, many tobacco manufactur- ers recognized that more creative names—such as Cantaloupe, Rock Candy, Wedding Cake, and Lone Jack—were helpful in selling their tobacco products. In the 1860s, tobacco manufactur- ers began to sell their wares in small bags directly to consumers. Attractive-looking packages were seen as important, and picture labels, decorations, and symbols were designed as a result.

## Emergence of National Manufacturer Brands: 1860 to 1914

In the United States after the American Civil War, a number of forces combined to make widely distributed, manufacturer- branded products a profitable venture:

• Improvements in transportation (e.g., railroads) and com- munication (e.g., telegraph and telephone) made regional and even national distribution increasingly easy.
• Improvements in production processes made it pos- sible to produce large quantities of high-quality products inexpensively.
• Improvements in packaging made individual (as opposed to bulk) packages that could be identified with the manufac- turer's trademark increasingly viable.
• Changes in U.S. trademark law in 1879, the 1880s, and 1906 made it easier to protect brand identities.
• Advertising became perceived as a more credible option, and newspapers and magazines eagerly sought out adver- tising revenues.
• Retail institutions such as department and variety stores and national mail order houses served as effective middlemen and encouraged consumer spending.
• The population increased due to liberal immigration policies.
• Increasing industrialization and urbanization raised the standard of living and aspirations of Americans, al- though many products on the market still were of un- even quality.
• Literacy rose as the percentage of illiterate Americans dropped from 20 percent in 1870 to 10 percent in 1900.

All these factors facilitated the development of consistent- quality consumer products that could be efficiently sold to con- sumers through mass market advertising campaigns. In this fertile branding environment, mass-produced merchandise in packages largely replaced locally produced merchandise sold from bulk containers. This change brought about the wide- spread use of trademarks. For example, Procter & Gamble made candles in Cincinnati and shipped them to merchants in other cities along the Ohio and Mississippi rivers. In 1851, wharf hands began to brand crates of Procter & Gamble candles with a crude star. The firm soon noticed that buyers downriver relied on the star as a mark of quality, and merchants refused the can- dles if the crates arrived without the mark. As a result, the can- dles were marked with a more formal star label on all packages, branded as "Star," and began to develop a loyal following.

The development and management of these brands was largely driven by the owners of the firm and their top-level man- agement. For example, the first president of National Biscuit was involved heavily in the introduction in 1898 of Uneeda Biscuits, the first nationally branded biscuit. One of their first decisions was to create a pictorial symbol for the brand, the Uneeda biscuit slicker boy, who appeared in the supporting ad campaigns. H. J. Heinz built up the Heinz brand name through production in- novations and spectacular promotions. Coca-Cola became a national powerhouse due to the efforts of Asa Candler, who ac- tively oversaw the growth of the extensive distribution channel.

National manufacturers sometimes had to overcome re- sistance from consumers, retailers, wholesalers, and even employees from within their own company. To do so, these firms employed sustained "push" and "pull" efforts to keep both consumers and retailers happy and accepting of national brands. Consumers were attracted through the use of sam- pling, premiums, product education brochures, and heavy advertising. Retailers were lured by in-store sampling and pro- motional programs and shelf maintenance assistance.

As the use of brand names and trademarks spread, so did the practice of imitation and counterfeiting. Although the laws were somewhat unclear, more and more firms sought protection by sending their trademarks and labels to district courts for regis- tration. Congress finally separated the registration of trademarks and labels in 1870 with the enactment of the country's first fed- eral trademark law. Under the law, registrants were required to send a facsimile of their mark with a description of the type of goods on which it was used to the Patent Office in Washington along with a $25 fee. One of the first marks submitted to the Pat- ent Office under the new law was the Underwood Devil, which was registered to William Underwood & Company of Boston on November 29, 1870 for use on "Deviled Entremets." By 1890, most countries had trademark acts, establishing brand names, la- bels, and designs as legally protectable assets.

Dominance of Mass Marketed Brands: 1915 to 1929

By 1915, manufacturer brands had become well established in the United States on both a regional and national basis. The

next 15 years saw increasing acceptance and even admira- tion of manufacturer brands by consumers. The marketing of brands became more specialized under the guidance of func- tional experts in charge of production, promotion, personal selling, and other areas. This greater specialization led to more advanced marketing techniques. Design professionals were en- listed to assist in the process of trademark selection. Personal selling became more sophisticated as salesmen were carefully selected and trained to systematically handle accounts and seek out new businesses. Advertising combined more powerful creativity with more persuasive copy and slogans. Government and industry regulation came into place to reduce deceptive advertising. Marketing research became more important and influential in supporting marketing decisions.

Although functional management of brands had these vir- tues, it also presented problems. Because responsibility for any one brand was divided among two or more functional managers— as well as advertising specialists—poor coordination was al- ways a potential problem. For example, the introduction of Wheaties cereal by General Mills was nearly sabotaged by the company's salesmen, who were reluctant to take on new duties to support the brand. Three years after the cereal's introduc- tion and on the verge of its being dropped, a manager from the advertising department at General Mills decided to become a product champion for Wheaties, and the brand went on to great success in the following decades.

Challenges to Manufacturer Brands: 1930 to 1945

The onset of the Great Depression in 1929 posed new chal- lenges to manufacturer brands. Greater price sensitivity swung the pendulum of power in the favor of retailers who pushed their own brands and dropped nonperforming manufacturer brands. Advertising came under fire as manipulative, decep- tive, and tasteless and was increasingly being ignored by certain segments of the population. In 1938, the Wheeler Amendment gave power to the Federal Trade Commission (FTC) to regu- late advertising practices. In response to these trends, manu- facturers' advertising went beyond slogans and jingles to give consumers specific reasons why they should buy advertised products.

There were few dramatic changes in marketing of brands during this time. As a notable exception, Procter & Gamble put the first brand management system into place, whereby each of their brands had a manager assigned only to that brand who was responsible for its financial success. Other firms were slow to follow, however, and relied more on their long-standing reputation for good quality—and a lack of competition—to sustain sales. During World War II, manu- facturer brands became relatively scarce as resources were diverted to the war effort. Nevertheless, many brands contin- ued to advertise and helped bolster consumer demand during these tough times.

The Lanham Act of 1946 permitted federal registration of service marks (marks used to designate services rather than prod- ucts) and collective marks such as union labels and club emblems.

CHAPTER 1 • BRANDS AND BRAND MANAGEMENT 37 Establishment of Brand Management Standards:

1946 to 1985

After World War II, the pent-up demand for high-quality brands led to an explosion of sales. Personal income grew as the economy took off, and market demand intensified as the rate of population growth exploded. Demand for national brands soared, fueled by a burst of new products and a recep- tive and growing middle class. Firm after firm during this time period adopted the brand management system.

In the brand management system, a brand manager took "ownership" of a brand. A brand manager was responsible for developing and implementing the annual marketing plan for his or her brand, as well as identifying new business opportunities. The brand manager might be assisted, internally, by representa- tives from manufacturing, the sales force, marketing research, fi- nancial planning, research and development, personnel, legal, and public relations and, externally, by representatives from advertising agencies, research suppliers, and public relations agencies.

Then, as now, a successful brand manager had to be a versatile jack-of-all-trades. The skills that began to be required then have only become more important now, including:

• Marketing fundamentals
• Cultural insights to understand the diversity of consumers
• IT and Web skills to guide digital activities
• Technical sophistication to appreciate new research meth- ods and models
• Design fluency to work with design techniques and designers • Creativity to devise holistic solutions

Branding Becomes More Pervasive: 1986 to Now

The merger and acquisitions boom of the mid-1980s raised the interest of top executives and other board members as to the financial value of brands. With this realization came an appre- ciation of the importance of managing brands as valuable in- tangible assets. At the same time, more different types of firms began to see the advantages of having a strong brand and the corresponding disadvantages of having a weak brand.

The last 25 years have seen an explosion in the interest and application of branding as more firms have embraced the con- cept. As more and more different kinds of products are sold or promoted directly to consumers, the adoption of modern marketing practices and branding has spread further. Consider the pharmaceutical industry.

THE PHARMACEUTICAL INDUSTRY

In the United States, prescription drugs are increasingly be- ing branded and sold to consumers with traditional mar- keting tactics such as advertising and promotion. Direct-to- consumer advertising for prescription drugs also grew from $242 million in 1994 to $4.2 billion in 2010. In 2009, Pfizer spent over $1 billion in direct-to-consumer advertising.

Branding has become part of the everyday vernacular and it is not uncommon to hear people of all walks of life talk about branding and branding concepts. Although the inter- est in branding has many positive consequences, people don't always seem to understand how branding works or apply branding concepts correctly. For branding success, an apprecia- tion of and aptitude for using appropriate branding concepts— a focus of this book—is critical.

Much of this effort is focused on what we might call "dis- ease branding," in which marketers shape public impres- sions of a medical malady to make treating it more attractive to potential patients. Panic disorder, reflux disease, erectile dysfunction, and restless legs syndrome were all relatively obscure to the public until they were given a specific name and meaning by drug companies. By highlighting and des- tigmatizing medical conditions, disease branding increases demand for the drugs being sold for treatment. When Pharmacia launched Detrol, it labeled what physicians had been calling "urge incontinence" as an "overactive blad- der," a much more vigorous-sounding condition. Millions of prescriptions followed. Some pharmaceutical companies, however, are cutting back on direct-to-consumer advertis- ing in light of the lower number of new-drug introductions and increasing government scrutiny of the practice. They are selective in deciding which brands to market directly to consumers; of over 2,000 drugs recently studied, only 100 were targeted via advertising to consumers.42

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