Customer-based Brand Equity and Brand Positioning
Learning Objectives
After reading this chapter, you should be able to
1. Define customer-based brand equity.
2. Outline the sources and outcomes of customer- based brand equity.
3. Identify the four components of brand positioning.
4. Describe the guidelines in developing a good brand positioning.
5. Explain brand mantra and how it should be developed.
India's first Starbucks outlet in Mumbai. Starbucks' unique brand positioning helped to fuel its phenomenal growth. Source: Tata Starbucks

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 Preview
Chapter 1 introduced some basic notions about brands, particularly brand equity, and the roles they have played and are playing in marketing strategies. Part II of the text explores how to develop brand strate- gies. Great brands are not accidents. They are a result of thoughtful and imaginative planning. Anyone building or managing a brand must carefully develop and implement creative brand strategies.
To aid in that planning, three tools or models are helpful. Like the famous Russian nesting matry- oshka dolls, the three models are interconnected and in turn become larger in scope: the first model is a component in the second model; the second model, in turn, is a component in the third. Combined, the three models provide crucial micro and macro perspectives on successful brand building. These are the three models:
1. Brand positioning model describes how to establish competitive advantages in the minds of cus- tomers in the marketplace;
2. Brand resonance model describes how to take these competitive advantages and create intense, ac- tive loyalty relationships with customers for brands; and
3. Brand value chain model describes how to trace the value creation process to better understand the fi- nancial impact of marketing expenditures and investments to create loyal customers and strong brands.
Collectively, these three models help marketers devise branding strategies and tactics to maximize profits and long-term brand equity and track their progress along the way. Chapter 2 develops the brand positioning model; Chapter 3 reviews the brand resonance and brand value chain models.
This chapter begins, however, by more formally examining the brand equity concept, introduc- ing one particular view—the concept of customer-based brand equity—that will serve as a useful organizing framework for the rest of the book.1 We'll consider the sources of customer-based brand equity to provide the groundwork for our discussion of brand positioning. Positioning requires defining our desired or ideal brand knowledge structures and establishing points-of-parity and points-of-difference to establish the right brand identity and brand image. Unique, meaningful points-of-difference (PODs) provide a competitive advantage and the "reason why" con- sumers should buy the brand. On the other hand, some brand associations can be roughly as favorable as those of competing brands, so they function as points-of-parity

(POPs) in consumers' minds—and negate potential points-of-difference for competitors. In other words, these associations are designed to provide "no reason why not" for consumers to choose the brand.

The chapter then reviews how to identify and establish brand positioning and create a brand mantra, a shorthand expression of the positioning.2 We conclude with Brand Focus 2.0 and an examination of the many benefits of creating a strong brand.

CUSTOMER-BASED BRAND EQUITY

Two questions often arise in brand marketing: What makes a brand strong? and How do you build a strong brand? To help answer both, we introduce the concept of customer-based brand equity (CBBE). Although a number of useful perspectives concerning brand equity have been put forth, the CBBE concept provides a unique point of view on what brand equity is and how it should best be built, measured, and managed.

Defining Customer-based Brand Equity

The CBBE concept approaches brand equity from the perspective of the consumer—whether the con- sumer is an individual or an organization or an existing or prospective customer. Understanding the needs and wants of consumers and organizations and devising products and programs to satisfy them are at the heart of successful marketing. In particular, marketers face two fundamentally important ques- tions: What do different brands mean to consumers? and How does the brand knowledge of consumers affect their response to marketing activity?

The basic premise of the CBBE concept is that the power of a brand lies in what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time. In other words, the power of a brand lies in what resides in the minds and hearts of customers. The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and ser- vices and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and experiences become linked to the brand.

We formally define customer-based brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer-based brand equity when consumers react more favorably to a product and the way it is marketed when the brand is identified than when it is not (say, when the product is attributed to a fictitious name or is unnamed). Thus, customers might be more accepting of a new brand extension for a brand with positive customer- based brand equity, less sensitive to price increases and withdrawal of advertising support, or more willing to seek the brand in a new distribution channel. On the other hand, a brand has negative cus- tomer-based brand equity if consumers react less favorably to marketing activity for the brand compared with an unnamed or fictitiously named version of the product.

Let's look at the three key ingredients to this definition: (1) "differential effect," (2) "brand knowl- edge," and (3) "consumer response to marketing." First, brand equity arises from differences in con- sumer response. If no differences occur, then the brand-name product can essentially be classified as a commodity or a generic version of the product. Competition, most likely, would then just be based on price. Second, these differences in response are a result of consumers' knowledge about the brand, that is, what they have learned, felt, seen, and heard about the brand as a result of their experiences over time. Thus, although strongly influenced by the marketing activity of the firm, brand equity ultimately depends on what resides in the minds and hearts of consumers. Third, customers' differential responses, which make up brand equity, are reflected in perceptions, preferences, and behavior related to all as- pects of brand marketing, for example, including choice of a brand, recall of copy points from an ad, response to a sales promotion, and evaluations of a proposed brand extension. Brand Focus 2.0 provides a detailed account of these advantages, as summarized in Figure 2-1.

The simplest way to illustrate what we mean by customer-based brand equity is to consider one of the typical results of product sampling or comparison tests. In blind taste tests, two groups of consumers sample a product: one group knows which brand it is, the other doesn't. Invariably, the two groups have different opinions despite consuming the same product.

These branding effects occur in the marketplace too. For example, at one time, Hitachi and General Electric (GE) jointly owned a factory in England that made identical televisions for the two companies. The only difference was the brand name on the television. Nevertheless, the Hitachi televisions sold for a $75 premium over the GE televisions. Moreover, Hitachi sold twice as many sets as GE despite the higher price.3

Improved perceptions of product performance Greater loyalty

Less vulnerability to competitive marketing actions Less vulnerability to marketing crises

Larger margins

More inelastic consumer response to price increases More elastic consumer response to price decreases Greater trade cooperation and support

Increased marketing communication effectiveness Possible licensing opportunities

Additional brand extension opportunities

FIGURE 2-1 Marketing Advantages of Strong Brands

Consumers may be willing to pay more for the exact same television set if the right brand name is on it.

Source: Tomohiro Ohsumi/Bloomberg via Getty Images

When consumers report different opinions about branded and unbranded versions of identical products—which almost invariably happens—it must be the case that knowledge about the brand, created by whatever means (past experiences, marketing activity for the brand, or word of mouth), has somehow changed customers' product perceptions. This result has occurred with virtually ev- ery type of product—conclusive evidence that consumers' perceptions of product performance are highly dependent on their impressions of the brand that goes along with it. In other words, clothes may seem to fit better, a car may seem to drive more smoothly, and the wait in a bank line may seem shorter, depending on the particular brand involved.

Brand Equity as a Bridge

Thus, according to the customer-based brand equity concept, consumer knowledge drives the differences that manifest themselves in terms of brand equity. This realization has important managerial implications. For one thing, brand equity provides marketers with a vital strategic bridge from their past to their future.

Brands as a Reflection of the Past. Marketers should consider all the dollars spent on manu- facturing and marketing products each year not so much as "expenses" but as "investments" in what consumers saw, heard, learned, felt, and experienced about the brand. If not properly designed and implemented, these expenditures may not be good investments, in that they may not have created the right knowledge structures in consumers' minds, but we should consider them investments nonethe- less. Thus, the quality of the investment in brand building is the most critical factor, not the quantity beyond some minimal threshold amount. In fact, it is possible to "overspend" on brand building if money is not being spent wisely. Conversely, as we'll see throughout the book, some brands are considerably outspent but amass a great deal of brand equity through marketing activities that create valuable, enduring memory traces in the minds of consumers.

BRAND LEGACY

The challenge for marketers is to ensure that they continue to invest judiciously in brand-building so that the brand gains traction over a long period. Excessive investment may end as a red mark on the profit and loss statement, whereas sporadic investments can result in better short-term profits, but may end up destroying the long-term brand equity. The Indian market is replete with examples of brands who have managed to sustain themselves over

long periods through judicious investments. Parachute has a rich legacy dating back to several decades, but the brand continues to be vibrant through investments in brand-building and brand-varianting. As a contrast, Vicco Vajradanti, which introduced the strong concept of Ayurvedic toothpaste to the Indian consumer, has not been able to sustain itself over the last three decades and is a pale shadow of what it was in the 1970s. There are possibly several such examples across numerous categories where a brand with a rich legacy has lost its presence in the consumer consciousness due to inadequate brand-building initiatives.

Brands do derive a lot of equity from their past, and the genealogy of the brand is often worth studying. The advertising agency, FCB Ulka, has developed a methodology called "Brand Archaeology" to train its account plan- ning executives to systematically mine for deeper insights from a brand's history. The brand Coldarin (a cold relief tablet) was relaunched in the mid-2000s by using an advertising slogan that was unearthed from consumer memory.

Brands as a Direction for the Future. The brand knowledge that marketers create over time dic- tates appropriate and inappropriate future directions for the brand. Consumers will decide, based on their brand knowledge, where they think the brand should go and grant permission (or not) to any mar- keting action or program. Thus, at the end of the day, the true value and future prospects of a brand rest with consumers and their knowledge about the brand.

No matter how we define brand equity, though, its value to marketers as a concept ultimately depends on how they use it. Brand equity can offer focus and guidance, providing a means to interpret past mar- keting performance and design future marketing programs. Everything the firm does can help enhance or detract from brand equity. Those marketers who build strong brands have embraced the concept and use it to its fullest as a means of clarifying, communicating, and implementing their marketing actions.

DISCOVERY CHANNEL

The Discovery Channel was launched with the motto "Explore Your World" and well-defined brand values of adven- ture, exploration, science, and curiosity. After a detour to reality programming featuring crime and forensics shows and biker and car content, the channel returned to its mission of producing high-quality work that the company could be proud of and that was beneficial for people. Today, Discovery's 13 U.S. channels cumulatively reach 745 million subscribing households, and its 120 overseas channels in 180 countries reach 969 million homes. One hun- dred fifty thousand hours of content supplied by Discovery Education is used by more than 1 million teachers in half of all schools in the United States. Discovery's Web sites attract 24 million unique visitors every month. The company also launched Discovery Channel Magazine in Asia.4

Other factors can influence brand success, and brand equity has meaning for other constituents be- sides customers, such as employees, suppliers, channel members, media, and the government.5 Neverthe- less, success with customers is often crucial for success for the firm, so the next section considers brand knowledge and CBBE in more detail. The process of creating such brand power is not without its critics, however, as described in The Science of Branding 2-1.

MAKING A BRAND STRONG: BRAND KNOWLEDGE

From the perspective of the CBBE concept, brand knowledge is the key to creating brand equity, be- cause it creates the differential effect that drives brand equity. What marketers need, then, is an insight- ful way to represent how brand knowledge exists in consumer memory. An influential model of memory developed by psychologists is helpful for this purpose.6

The associative network memory model views memory as a network of nodes and connecting links, in which nodes represent stored information or concepts, and links represent the strength of as- sociation between the nodes. Any type of information—whether it's verbal, abstract, or contextual—can be stored in the memory network.

Using the associative network memory model, let's think of brand knowledge as consisting of a brand node in memory with a variety of associations linked to it. We can consider brand knowledge as having two components: brand awareness and brand image. Brand awareness is related to the strength

THE SCIENCE OF BRANDING 2-1

Brand Critics

In her book No Logo, Naomi Klein details the aspects of global corporate growth that have led to consumer backlash against brands. She explains the subject of her book as follows:

The title No Logo is not meant to be read as a literal slogan (as in No More Logos!), or a post-logo logo (there is already a No Logo clothing line, I'm told). Rather, it is an attempt to capture an anti-corporate attitude I see emerging among many young activists. This book is hinged on a simple hy- pothesis: that as more people discover the brand-name se- crets of the global logo web, their outrage will fuel the next big political movement, a vast wave of opposition squarely targeting those with very high name-brand recognition.

Klein cites marketing campaigns that exist within schools and universities, among other examples of advertising encroaching on traditionally ad-free space. She asserts that as marketers compete for "eyeballs" using unconventional and unexpected means, fewer ad-free spaces remain, and consumer resentment builds. Klein then argues that the vast number of mergers and acquisitions in the past two decades, and the increasing number of brand exten- sions, have severely limited consumer choice and engendered addi- tional consumer

resentment. She cautions that an inherent danger of building a strong brand is that the public will be all the more eager to see the brand tarnished once unseemly facts surface.
Klein also details the numerous movements that have arisen to protest the growing power of corporations and the prolifera- tion of branded space that accompanies this growth. The author highlights such anticorporate practices as “culture jamming” and “ad-busting,” which serve to subvert and undermine corpo- rate marketing by attacking the marketers on their own terms. She also discusses the formation of labor activist organizations
such as Essential Action and the International Labour Organi- zation, which perform labor monitoring and hold companies accountable for the treatment of their labor forces.
Klein observes that the issues of corporate conduct are now highly politicized. As a result, she notes, “Political rallies, which once wound their predicable course in front of govern- ment buildings and consulates, are now just as likely to take place in front of the stores of the corporate giants.” Ten years after the fact, Klein revisited her book No Logo and actually did apply the concepts to politics in an update.
Klein is certainly not the only critic. In his book Branding Only Works on Cattle, brand consultant Jonathan Baskin ar- gues that branding is no longer effective because it relies on the status quo and is not keeping up with consumers’ needs. He faults current brand techniques. In 2007, British writer Neil Boorman started a blog and then published a book called Bon- fire of the Brands that detailed the breaking of his brand obses- sion. He refers to himself as being part of the new generation where in brands have been sold to him by manufacturers from the day that he was born. He categorically refers to branding as being a con game to extract disproportionate value from the product.
Sources: Naomi Klein, No Logo: Taking Aim at the Brand Bullies (10th anniversary edition) (New York: Picador, 2000); Naomi Klein, Fences and Windows: Dispatches from the Front Lines of the Globalization Debate (New York: Picador, 2002); Review, Publishers Weekly, 2002. “Naomi Klein on How Corporate Branding Has Taken over America,” The Guard- ian, 16 January 2010; Andrew Potter, “The Revenge of the Brands,” Rea- son, May 2010; Jonathan Salem Baskin, Branding Only Works on Cattle (New York: Business Plus, 2008); Neil Boorman, Bonfire of the Brands: How I Learned to Live Without Labels (London: Canongate Books Ltd, 2007); Neil Boorman, “Name Dropper,” The Guardian, 25 August 2007.
of the brand node or trace in memory, which we can measure as the consumer’s ability to identify the brand under different conditions.7 It is a necessary, but not always a sufficient, step in building brand equity. Other considerations, such as the image of the brand, often come into play.
Brand image has long been recognized as an important concept in marketing.8 Although marketers have not always agreed about how to measure it, one generally accepted view is that, consistent with our associative network memory model, brand image is consumers’ perceptions about a brand, as re- flected by the brand associations held in consumer memory.9 In other words, brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. Associations come in all forms and may reflect characteristics of the product or aspects independent of the product.
For example, if someone asked you what came to mind when you thought of Apple computers, what would you say? You might reply with associations such as “well-designed,” “easy to use,” “leading-edge

Macintosh Innovative
Apple Logo
Cool
 User Friendly
Educational Fun
Desktop Publishing
Friendly
iPod
Creative
Graphics
FIGURE 2-2
Possible Apple Computer Associations
Source: KRT/Newscom
technology," and so forth. Figure 2-2 displays some commonly mentioned associations for Apple that consumers have expressed in the past.10 The associations that came to your mind make up your brand image for Apple. Through breakthrough products and skillful marketing, Apple has been able to achieve a rich brand image made up of a host of brand associations. Many are likely to be shared by a majority of consumers, so we can refer to "the" brand image of Apple, but at the same time, we recognize that this image varies, perhaps even considerably, depending on the consumer or market segment.

Other brands, of course, carry a different set of associations. For example, McDonald's marketing pro- gram attempts to create brand associations in consumers' minds between its products and "quality," "ser- vice," "cleanliness," and "value." McDonald's rich brand image probably also includes strong associations to "Ronald McDonald," "golden arches," "for kids," and "convenient" as well as perhaps potentially negative associations such as "fast food." Whereas Mercedes-Benz has achieved strong associations to "performance" and "status," Volvo has created a strong association to "safety." We'll return in later chapters to the different types of associations and how to measure their strength.

SOURCES OF BRAND EQUITY

What causes brand equity to exist? How do marketers create it? Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand associations in memory. In some cases, brand awareness alone is enough to create favorable consumer response; for example, in low-involvement decisions when consumers are willing to base their choices on mere familiarity. In most other cases, however, the strength, favorability, and uniqueness of brand associations play a critical role in determining the differential response that makes up brand equity. If customers perceive the brand as only representative of the product or service category, then they'll respond as if the offering were unbranded.

Thus marketers must also convince consumers that there are meaningful differences among brands. Consumers must not think all brands in the category are the same. Establishing a positive brand image in consumer memory—strong, favorable, and unique brand associations—goes hand- in-hand with creating brand awareness to build customer-based brand equity. Let’s look at both these sources of brand equity.

 Brand Awareness

Brand awareness consists of brand recognition and brand recall performance:

• Brand recognition is consumers’ ability to confirm prior exposure to the brand when given the brand as a cue. In other words, when they go to the store, will they be able to recognize the brand as one to which they have already been exposed?

• Brand recall is consumers’ ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. In other words, consumers’ recall of Kellogg’s Corn Flakes will depend on their ability to retrieve the brand when they think of the cereal category or of what they should eat for breakfast or a snack, whether at the store when making a purchase or at home when deciding what to eat.

If research reveals that many consumer decisions are made at the point of purchase, where the brand name, logo, packaging, and so on will be physically present and visible, then brand recognition will be important. If consumer decisions are mostly made in settings away from the point of purchase, on the other hand, then brand recall will be more important.11 For this reason, creating brand recall is critical for service and online brands: Consumers must actively seek the brand and therefore be able to retrieve it from memory when appropriate.

Note, however, that even though brand recall may be less important at the point of purchase, con- sumers’ brand evaluations and choices will still often depend on what else they recall about the brand given that they are able to recognize it there. As is the case with most information in memory, we are generally more adept at recognizing a brand than at recalling it.

Advantages of Brand Awareness. What are the benefits of creating a high level of brand awareness? There are three—learning advantages, consideration advantages, and choice advantages.

Learning Advantages: Brand awareness influences the formation and strength of the associations that make up the brand image. To create a brand image, marketers must first establish a brand node in mem- ory, the nature of which affects how easily the consumer learns and stores additional brand associations. The first step in building brand equity is to register the brand in the minds of consumers. If the right brand elements are chosen, the task becomes easier.

Consideration Advantages: Consumers must consider the brand whenever they are making a purchase for which it could be acceptable or fulfilling a need it could satisfy. Raising brand awareness increases the likelihood that the brand will be a member of the consideration set, the handful of brands that receive serious consideration for purchase.12 Much research has shown that consumers are rarely loyal to only one brand but instead have a set of brands they would consider buying and another—possibly smaller— set of brands they actually buy on a regular basis. Because consumers typically consider only a few brands for purchase, making sure that the brand is in the consideration set also makes other brands less likely to be considered or recalled.13

Choice Advantages: The third advantage of creating a high level of brand awareness is that it can affect choices among brands in the consideration set, even if there are essentially no other associa- tions to those brands.14 For example, consumers have been shown to adopt a decision rule in some cases to buy only more familiar, well-established brands.15 Thus, in low-involvement decision settings, a minimum level of brand awareness may be sufficient for product choice, even in the absence of a well-formed attitude.16

One influential model of attitude change and persuasion, the elaboration-likelihood model, is consistent with the notion that consumers may make choices based on brand awareness consider- ations when they have low involvement. Low involvement results when consumers lack either pur- chase motivation (they don't care about the product or service) or purchase ability (they don't know anything else about the brands in a category).17

1. Consumer purchase motivation: Although products and brands may be critically important to marketers, choosing a brand in many categories is not a life-or-death decision for most consum- ers. For example, despite millions of dollars spent in TV advertising over the years to persuade consumers of product differences, 40 percent of consumers in one survey believed all brands of gasoline were about the same or did not know which brand was best. A lack of perceived dif- ferences among brands in a category is likely to leave consumers unmotivated about the choice process.
2. Consumer purchase ability: Consumers in some product categories just do not have the nec- essary knowledge or experience to judge product quality even if they so desired. The obvious examples are products with a high degree of technical sophistication, like telecommunications equipment with state-of-the-art features. But consumers may be unable to judge quality even in low-tech categories. Consider the college student who has not really had to cook or clean before, shopping the supermarket aisles in earnest for the first time, or a new manager forced to make an expensive capital purchase for the first time. The reality is that product quality is often highly ambiguous and difficult to judge without a great deal of prior experience and expertise. In such cases, consumers will use whatever shortcut or heuristic they can come up with to make their decisions in the best manner possible. Sometimes they simply choose the brand with which they are most familiar and aware.

Establishing Brand Awareness. How do you create brand awareness? In the abstract, creating brand awareness means increasing the familiarity of the brand through repeated exposure, although this is generally more effective for brand recognition than for brand recall. That is, the more a consumer "ex- periences" the brand by seeing it, hearing it, or thinking about it, the more likely he or she is to strongly register the brand in memory.

Thus, anything that causes consumers to experience one of a brand's element—its name, symbol, logo, character, packaging, or slogan, including advertising and promotion, sponsorship and event mar- keting, publicity and public relations, and outdoor advertising—can increase familiarity and awareness of that brand element. And the more elements marketers can reinforce, usually the better. For instance, in addition to its name, Intel uses the "Intel Inside" logo and its distinctive symbol as well as its famous four-note jingle in TV ads to enhance awareness.

Repetition increases recognizability, but improving brand recall also requires linkages in memory to appropriate product categories or other purchase or consumption cues. A slogan or jingle creatively pairs the brand and the appropriate cues (and, ideally, the brand positioning as well, helping build a positive brand image). Other brand elements like logos, symbols, characters, and packaging can also aid recall.

The way marketers pair the brand and its product category, such as with an advertising slogan, helps determine the strength of product category links. For brands with strong category associations, like Ford cars, the distinction between brand recognition and recall may not matter much—consum- ers thinking of the category are likely to think of the brand. In competitive markets or when the brand is new to the category, it is more important to emphasize category links in the marketing pro- gram. Strong links between the brand and the category or other relevant cues may become especially important over time if the product meaning of the brand changes through brand extensions, mergers, or acquisitions.

GANNETT

In March 2011, Gannett launched its first nationwide branding and advertising campaign, themed "It's All Within Reach." The company traces its origins to a small newspaper in Elmira, NY, in 1906 and over the de- cades has grown into a leading international media and marketing solutions company. Gannett's media proper- ties include USA TODAY; 81 U.S. community newspapers (such as the Arizona Republic, Indianapolis Star, and Detroit Free Press); 23 broadcasting stations; over 100 digital properties; Point Roll, an industry leader in rich

media advertising solutions; Career Builder, the nation's top employment site; and Captivate, a digital program- ming and advertising network with nearly 10,000 elevator and lobby screens in about 1,000 buildings. Then- Chairman and CEO Craig Dubow explains the campaign as providing consumers and also intellectual clients with all the information they require to understand important matters anytime, anywhere.18

As part of its media expansion beyond newspapers, Gannett now offers lobby and elevator advertising via its Captivate service.

Source: Captivate Network

Many marketers have attempted to create brand awareness through so-called shock advertising, us- ing bizarre themes. For example, at the height of the dot-com boom, online retailer Outpost.com used ads featuring gerbils shot from cannons, wolverines attacking marching bands, and preschoolers having the brand name tattooed on their foreheads. The problem with such approaches is that they invariably fail to create strong category links because the product is just not prominent enough in the ad. They also can generate a fair amount of ill will. Often coming across as desperate measures, they rarely provide a foundation for long-term brand equity. In the case of Outpost.com, most potential customers did not have a clue what the company was about.

Brand Image

Creating brand awareness by increasing the familiarity of the brand through repeated exposure (for brand recognition) and forging strong associations with the appropriate product category or other rel- evant purchase or consumption cues (for brand recall) is an important first step in building brand equity. Once a sufficient level of brand awareness is created, marketers can put more emphasis on crafting a brand image.

ALLY FINANCIAL

In re-branding GMAC Financial as Ally Financial, the firm initially ran a campaign featuring a smarmy man, who represented the typical bank, being mean to unsuspecting, trusting children, who represented typical bank customers. After about a year, the firm switched to a new campaign profiling the “wacky ways” customers showed how much they loved their bank. The first campaign was meant to do a good job

of successfully informing customers that Ally Financial was a different bank. Having thus established this facet of the bank, the second campaign focused on Ally’s offerings such as innovative products, no hidden fees, and being able to talk straight to an actual person.19

Ally has evolved its advertising and communications from creating brand awareness to building brand image.

Source: Ally Bank

Creating a positive brand image takes marketing programs that link strong, favorable, and unique associations to the brand in memory. Brand associations may be either brand attributes or benefits. Brand attributes are those descriptive features that characterize a product or service. Brand benefits are the personal value and meaning that consumers attach to the product or service attributes.

Consumers form beliefs about brand attributes and benefits in different ways. The definition of customer-based brand equity, however, does not distinguish between the source of brand associations and the manner in which they are formed; all that matters is their strength, favorability, and uniqueness. This means that consumers can form brand associations in a variety of ways other than marketing activi- ties: from direct experience; online surfing; through information from other commercial or nonpartisan sources such as Consumer Reports or other media vehicles; from word of mouth; and by assumptions or inferences consumers make about the brand itself, its name, logo, or identification with a company, country, channel of distribution, or person, place, or event.

Marketers should recognize the influence of these other sources of information by both managing them as well as possible and by adequately accounting for them in designing communication strategies. Consider how The Body Shop originally built its brand equity.

 THE BODY SHOP

The Body Shop successfully created a global brand image without using conventional advertising. Its strong as- sociations to personal care and environmental concern occurred through its products (natural ingredients only, never tested on animals), packaging (simple, refillable, recyclable), merchandising (detailed point-of-sale posters, brochures, and displays), staff (encouraged to be enthusiastic and informative concerning environmental issues), sourcing policies (using small local producers from around the world), social action program (requiring each franchisee to run a local community program), and public relations programs and activities (taking visible and sometimes outspoken stands on various issues).20

Body Shop built a strong brand without extensive use of advertising.

Source: Convery flowers/Alamy

In short, to create the differential response that leads to customer-based brand equity, marketers need to make sure that some strongly held brand associations are not only favorable but also unique and not shared with competing brands. Unique associations help consumers choose the brand. To choose which favorable and unique associations to strongly link to the brand, marketers carefully analyze the consumer and the competition to determine the best positioning for the brand. Let's consider some fac- tors that, in general, affect the strength, favorability, and uniqueness of brand associations.

Strength of Brand Associations. The more deeply a person thinks about product information and relates it to existing brand knowledge, the stronger the resulting brand associations will be. Two factors that strengthen association to any piece of information are its personal relevance and the consistency with which it is presented over time. The particular associations we recall and their salience will depend not only on the strength of association, but also on the retrieval cues present and the context in which we consider the brand.

In general, direct experiences create the strongest brand attribute and benefit associations and are particularly influential in consumers' decisions when they accurately interpret them.

Word-of-mouth is likely to be particularly important for restaurants, entertainment, banking, and personal services. Star- bucks, Google, Red Bull, and Amazon are all classic examples of companies that created amazingly rich brand images without the benefit of intensive advertising programs. Mike's Hard Lemonade sold its first 10 million cases without any advertising because it was a "discovery" brand fueled by word-of-mouth.21

On the other hand, company-influenced sources of information, such as advertising, are often likely to create the weakest associations and thus may be the most easily changed. To overcome this hurdle, marketing communication programs use creative communications that cause consumers to elaborate on

brand-related information and relate it appropriately to existing knowledge. They expose consumers to
communications repeatedly over time, and ensure that many retrieval cues are present as reminders.

Favorability of Brand Associations. Marketers create favorable brand associations by convincing consumers that the brand possesses relevant attributes and benefits that satisfy their needs and wants, such that they form positive overall brand judgments. Consumers will not hold all brand associations to be equally important, nor will they view them all favorably or value them all equally across different purchase or consumption situations. Brand associations may be situation- or context-dependent and vary according to what consumers want to achieve in that purchase or consumption decision.22 An association may thus be valued in one situation but not another.23

For example, the associations that come to mind when consumers think of FedEx may be "fast," "reliable," and "convenient," with "purple and orange packages." The color of the packaging may matter little to most consumers when actually choosing an overnight delivery service, although it may perhaps play an important brand awareness function. Fast, reliable, and convenient service may be more impor- tant, but even then only under certain situations. A consumer who needs delivery only "as soon as pos- sible" may consider less expensive options, like USPS Priority Mail, which may take one to two days.

Uniqueness of Brand Associations. The essence of brand positioning is that the brand has a sus- tainable competitive advantage or “unique selling proposition” that gives consumers a compelling reason why they should buy it.24 Marketers can make this unique difference explicit through direct com- parisons with competitors, or they may highlight it implicitly. They may base it on performance-related or non-performance-related attributes or benefits.

Although unique associations are critical to a brand’s success, unless the brand faces no competition, it will most likely share some associations with other brands. One function of shared associations is to establish category membership and define the scope of competition with other products and services.25

A product or service category can also share a set of associations that include specific beliefs about any member in the category, as well as overall attitudes toward all members in the category. These be- liefs might include many of the relevant performance-related attributes for brands in the category, as well as more descriptive attributes that do not necessarily relate to product or service performance, like the color of a product, such as red for ketchup.

Consumers may consider certain attributes or benefits prototypical and essential to all brands in the category, and a specific brand an exemplar and most representative.26 For example, they might expect a run- ning shoe to provide support and comfort and to be built well enough to withstand repeated wearings, and they may believe that Asics, New Balance, or some other leading brand best represents a running shoe. Sim- ilarly, consumers might expect an online retailer to offer easy navigation, a variety of offerings, reasonable shipping options, secure purchase procedures, responsive customer service, and strict privacy guidelines, and they may consider L.L. Bean or some other market leader to be the best example of an online retailer.

Because the brand is linked to the product category, some category associations may also become linked to the brand, either specific beliefs or overall attitudes. Product category attitudes can be a par- ticularly important determinant of consumer response. For example, if a consumer thinks that all bro- kerage houses are basically greedy and that brokers are in it for themselves, then he or she probably will have similarly unfavorable beliefs about and negative attitudes toward any particular brokerage house, simply by virtue of its membership in the category.

Thus, in almost all cases, some product category associations will be shared with all brands in the category. Note that the strength of the brand associations to the product category is an important deter- minant of brand awareness.27

IDENTIFYING AND ESTABLISHING BRAND POSITIONING

Having developed the CBBE concept in some detail as background, we next outline how marketers should approach brand positioning.

 Basic Concepts

Brand positioning is at the heart of marketing strategy. It is the “act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s minds.”28 As the name implies, positioning means finding the proper “location” in the minds of a group of consumers or market segment, so that they think about a product or service in the “right” or desired way to maximize potential benefit to the firm. Good brand positioning helps guide marketing strategy by clarifying what a brand is all about, how it is unique and how it is similar to competitive brands, and why consumers should purchase and use it.

Deciding on a positioning requires determining a frame of reference (by identifying the target mar- ket and the nature of competition) and the optimal points-of-parity and points-of-difference brand as- sociations. In other words, marketers need to know (1) who the target consumer is, (2) who the main competitors are, (3) how the brand is similar to these competitors, and (4) how the brand is different from them. We'll talk about each of these.

Target Market

Identifying the consumer target is important because different consumers may have different brand knowledge structures and thus different perceptions and preferences for the brand. Without this under- standing, it may be difficult for marketers to say which brand associations should be strongly held, favor- able, and unique. Let's look at defining and segmenting a market and choosing target market segments.

A market is the set of all actual and potential buyers who have sufficient interest in, income for, and access to a product. Market segmentation divides the market into distinct groups of homogeneous consumers who have similar needs and consumer behavior, and who thus require similar marketing mixes. Market segmentation requires making trade-offs between costs and benefits. The more finely segmented the market, the more likely that the firm will be able to implement marketing programs that meet the needs of consumers in any one segment. That advantage, however, can be offset by the greater costs of reduced standardization.

Segmentation Bases. Figures 2-3 and 2-4 display some possible segmentation bases for con- sumer and business-to-business markets, respectively. We can classify these bases as descriptive or customer-oriented (related to what kind of person or organization the customer is), or as behavioral or product-oriented (related to how the customer thinks of or uses the brand or product).

Behavioral segmentation bases are often most valuable in understanding branding issues because they have clearer strategic implications. For example, defining a benefit segment makes it clear what should be the ideal point-of-difference or desired benefit with which to establish the positioning. Take the toothpaste market. One research study uncovered four main segments:29

1. The sensory segment: Seeking flavor and product appearance
2. The sociables: Seeking brightness of teeth
3. The worriers: Seeking decay prevention
4. The independent segment: Seeking low price

Given this market segmentation scheme, marketing programs could be put into place to attract one
or more segments. For example, Close-Up initially targeted the first two segments, whereas Crest pri- marily concentrated on the third. Taking no chances, Aquafresh was introduced to go after all three seg- ments, designing its toothpaste with three stripes to dramatize each of the three product benefits. With the success of multipurpose toothpastes such as Colgate Total, virtually all brands now offer products that emphasize multiple performance benefits.

Other segmentation approaches build on brand loyalty in some way. The classic "funnel" model traces consumer behavior in terms of initial awareness through brand-most-often-used. Figure 2-5 shows a hypothetical pattern of results. For the purposes of brand building, marketers want to understand both (1) the percentage of target market that is present at each stage and (2) factors facilitating or inhibiting the transition from one stage to the next. In the hypothetical example, a key bottleneck appears to be converting those consumers who have ever tried the brand to those who recently tried, as less than half

Behavioral
User status Usage rate Usage occasion Brand loyalty Benefits sought
Demographic
Income Age Sex Race Family
Psychographic
Values, opinions, and attitudes Activities and lifestyle
Geographic
International Regional
Nature of Good
Kind
Where used Type of buy
Buying Condition
Purchase location Who buys
Type of buy
Demographic
SIC code
Number of employees
Number of production workers Annual sales volume
Number of establishments
FIGURE 2-3 Consumer FIGURE 2-4 Business-to-Business Segmentation Bases Segmentation Bases

(46 percent) “convert.” To convince more consumers to consider trying the brand again, marketers may need to raise brand salience or make the brand more acceptable in the target consumer’s repertoire.

Marketers often segment consumers by their behavior. For example, a firm may target a certain age group, but the underlying reason is that they are particularly heavy users of the product, are unusually brand loyal, or are most likely to seek the benefit the product is best able to deliver. Nestlé’s Yorkie chocolate is boldly marketed in the U.K. as “It is Not For Girls” because the chunky bar is thought to appeal more to men.

In some cases, however, broad demographic descriptors may mask important underlying differ- ences.30 A fairly specific target market of “women aged 40 to 49” may contain a number of very differ- ent segments who require totally different marketing mixes (think Celine Dion vs. Courtney Love). Baby boomers are difficult to segment based on the size of the generation and individual views on aging. Age Wave, a consulting firm, created four segments for post-retirement consumers: “ageless explorers,” “com- fortably contents,” “live for todays,” and “sick and tireds.”31

The main advantage of demographic segmentation bases is that the demographics of traditional media vehicles are generally well known from consumer research; as a result, it has been easier to buy media on that basis. With the growing importance of digital and nontraditional media and other forms of commu- nication as well as the capability to build databases to profile customers on a behavioral and media usage basis, however, this advantage has become less important. For example, online Web sites can now tar- get such previously hard-to-reach markets as African Americans (BlackPlanet.com), Hispanics (Quepasa. com), Asian Americans (AsianAvenue.com), college students (teen.com), and gays (gay.com).

95
Aware
Ever Tried
Recent Trial
72%
46%
58% 50% 56% FIGURE 2-5
Hypothetical Examples
of Funnel Stages and Occasional Use Regular Use Most Often Use Transitions
68
31
18
9
5

Criteria. A number of criteria have been offered to guide segmentation and target market decisions,
such as the following:32

- Identifiability: Can we easily identify the segment?
- Size: Is there adequate sales potential in the segment?
- Accessibility: Are specialized distribution outlets and communication media available to reach the segment?
- Responsiveness: How favorably will the segment respond to a tailored marketing program?

The obvious overriding consideration in defining market segments is profitability. In many cases, profitability can be related to behavioral considerations. Developing a segmentation scheme with direct customer lifetime value perspectives can be highly advantageous. To improve the long- term profitability of their customer base, drugstore chain CVS considered the role of beauty prod- ucts for its customers at three distinct stages of life, producing the following hypothetical profiles or personas:33

- Caroline, a single 20-something, is relatively new to her career and still has an active social life. She is an extremely important beauty customer who visits the chain once a week. Her favorite part of shopping is getting new beauty products, and she looks to CVS to help her cultivate her look at a price she can afford.
- Caroline will grow into Vanessa, the soccer mom with three children; she may not be as consumed with fashion as she once was, but preserving her youthful appearance is definitely still a major pri- ority. She squeezes in trips to the store en route to or from work or school, and convenient features such as drive-through pharmacies are paramount for Vanessa.

• Vanessa becomes Sophie. Sophie isn't much of a beauty customer, but she is CVS's most profitable de- mographic—a regular pharmacy customer who actively shops the front of the store for key OTC items.

Nature of Competition

At least implicitly, deciding to target a certain type of consumer often defines the nature of competi- tion, because other firms have also decided to target that segment in the past or plan to do so in the future, or because consumers in that segment already may look to other brands in their purchase decisions. Competition takes place on other bases, of course, such as channels of distribution. Com- petitive analysis considers a whole host of factors—including the resources, capabilities, and likely intentions of various other firms—in order for marketers to choose markets where consumers can be profitably served.34

A specific demographic such as "women aged 40–49" would include such diverse personalities as Celine Dion and Courtney Love.

Source: GABRIEL BOUYS/AFP/Getty Images/Newscom Source: ZUMA Press/Newscom

Indirect Competition. One lesson stressed by many marketing strategists is not to define competi- tion too narrowly. Research on noncomparable alternatives suggests that even if a brand does not face direct competition in its product category, and thus does not share performance-related attributes with other brands, it can still share more abstract associations and face indirect competition in a more broadly defined product category.35

Competition often occurs at the benefit level rather than the attribute level. Thus, a luxury good with a strong hedonic benefit like stereo equipment may compete as much with a vacation as with other durable goods like furniture. A maker of educational software products may be implicitly com- peting with all other forms of education and entertainment, such as books, videos, television, and magazines. For these reasons, branding principles are now being used to market a number of differ- ent categories as a whole—for example, banks, furniture, carpets, bowling, and trains, to name just a few.

Unfortunately, many firms narrowly define competition and fail to recognize the most compel- ling threats and opportunities. For example, sales in the apparel industry often have been stagnant in recent years as consumers have decided to spend on home furnishings, electronics, and other products that better suit their lifestyle.36 Leading clothing makers may be better off considering the points-of- differences of their offerings not so much against other clothing labels as against other discretionary purchases.

As Chapter 3 outlines, products are often organized in consumers' minds in a hierarchical fashion, meaning that marketers can define competition at a number of different levels. Take Fresca, a grapefruit- flavored soft drink, as an example: At the product type level, it competes with non-cola-flavored soft drinks; at the product category level, it competes with all soft drinks; and at the product class level, it competes with all beverages.

Multiple Frames of Reference. It is not uncommon for a brand to identify more than one frame of reference. This may be the result of broader category competition or the intended future growth of a brand, or it can occur when the same function can be performed by different types of products. For example, Canon EOS Rebel digital cameras compete with digital cameras from Nikon, Kodak, and others, but also with photo-taking cell phones. Their advantages against cell phones—such as easy photo sharing on social networks like Facebook or the ability to shoot high-definition video for shar- ing—would not necessarily be an advantage at all against other digital camera brands.37

As another example, Starbucks can define very distinct sets of competitors, which would suggest very different POPs and PODs as a result:

1. Quick-serve restaurants and convenience shops (McDonald's and Dunkin' Donuts). Intended PODs might be quality, image, experience, and variety; intended POPs might be convenience and value.
2. Supermarket brands for home consumption (Nescafé and Folger's). Intended PODs might be qual- ity, image, experience, variety, and freshness; intended POPs might be convenience and value.
3. Local cafés. Intended PODs might be convenience and service quality; intended POPs might be quality, variety, price, and community.

Note that some POPs and PODs are shared across competitors; others are unique to a particular competitor. Under such circumstances, marketers have to decide what to do. There are two main options. Ideally, a robust positioning could be developed that would be effective across the multiple frames somehow. If not, then it is necessary to prioritize and choose the most relevant set of com- petitors to serve as the competitive frame. One thing that is crucial though is to be careful to not try to be all things to all people—that typically leads to ineffective "lowest common denominator" positioning.

Finally, note that if there are many competitors in different categories or subcategories, it may be useful to either develop the positioning at the categorical level for all relevant categories ("quick-serve restaurants" or "supermarket take-home coffee" for Starbucks) or with an exemplar from each category (McDonald's or Nescafé for Starbucks).

 Points-of-Parity and Points-of-Difference

The target and competitive frame of reference chosen will dictate the breadth of brand awareness and the situations and types of cues that should become closely related to the brand. Once marketers have fixed the appropriate competitive frame of reference for positioning by defining the customer target market and the nature of competition, they can define the basis of the positioning itself. Arriving at the proper positioning requires establishing the correct points-of-difference and points-of-parity associations.

Points-of-Difference Associations. Points-of-difference (PODs) are formally defined as attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe that they could not find to the same extent with a competitive brand.38 Although myriad different types of brand associations are possible, we can classify candidates as either functional, performance-related consider- ations or as abstract, imagery-related considerations.

Consumers' actual brand choices often depend on the perceived uniqueness of brand associations. Swedish retailer Ikea took a luxury product—home furnishings and furniture—and made it a reasonably priced alternative for the mass market. Ikea supports its low prices by having customers serve themselves and deliver and assemble their own purchases. Ikea also gains a point-of-difference through its product offerings. Many feel that Ikea has built their brand on the popular idea that Sweden manufactures good and reliable products. They come up with the most brilliant designs at the lowest cost possible.39

MAGNIFYING POINT OF DIFFERENCE

While working on brands in crowded markets, it is often easy to fall into the trap of believing that "all brands of- fer the same". In order to get out of this trap, it is important to remember that if you look hard enough, even in a sea of sameness, you can discover a difference. The difference may be unique to the brand in question, or at least the difference may be something that no other brand has laid claims to. For instance, when launching Tata Indigo brand, which was the sedan sibling for Tata Indica, the team looked hard to discover a point of difference that could be made the launch plank. After a lot of what is known as "Product Interrogation", the team at Tata Motors found that as against all other similar-priced sedans, Tata Indigo offered the largest rear seat comfort and legroom. Given the fact that a large number of sedans in India are driven by chauffeurs, the brand was launched under the platform of "Business Class Travel", highlighting only the rear seat comfort. It was a bold decision that focused on just the key point of difference of the brand. Tata Indigo went on to be a very successful car brand for Tata Motors, becoming one of the largest selling sedans in the Indian market.

Points-of-difference may rely on performance attributes (Hyundai provides six front and back seat "side curtain" airbags as standard equipment on all its models for increased safety) or performance benefits (Magnavox's electronic products have "consumer-friendly" technological features, such as tele- vision sets with "Smart Sound" to keep volume levels constant while flipping through channels and commercial breaks, and "Smart Picture" to automatically adjust picture settings to optimal levels). In other cases, PODs come from imagery associations (the luxury and status imagery of Louis Vuitton or the fact that British Airways is advertised as the "world's favourite airline"). Many top brands attempt to create a point-of-difference on "overall superior quality," whereas other firms become the "low-cost provider" of a product or service. Thus, a host of different types of PODs are possible. PODs are generally defined in terms of con- sumer benefits. These benefits often have important underlying "proof points" or reasons to believe (RTBs). These proof points can come in many forms: functional design concerns (a unique shaving system technology, leading to the benefit of a "closer electric shave"); key attributes (a unique tread design, leading to the benefit of "safer tires"); key ingredients (contains fluoride, leading to the benefit of "prevents dental cavities"); or key endorsements (recommended by more audio engineers, leading to the benefit of "superior music fidelity").40 Having compelling proof points and RTBs are often critical to the deliverability aspect of a POD.

Points-of-Parity Associations. Points-of-parity associations (POPs), on the other hand, are not necessarily unique to the brand but may in fact be shared with other brands. There are three types: cat- egory, competitive, and correlational.

Category points-of-parity represent necessary—but not necessarily sufficient—conditions for brand choice. They exist minimally at the generic product level and are most likely at the expected prod- uct level. Thus, consumers might not consider a bank truly a "bank" unless it offered a range of check- ing and savings plans; provided safety deposit boxes, traveler's checks, and other such services; and had convenient hours and automated teller machines. Category POPs may change over time because of technological advances, legal developments, and consumer trends, but these attributes and benefits are like “greens fees” to play the marketing game.

Competitive points-of-parity are those associations designed to negate competitors’ points-of-difference. In other words, if a brand can “break even” in those areas where its competitors are trying to find an advantage and can achieve its own advantages in some other areas, the brand should be in a strong—and perhaps unbeatable—competitive position.

Correlational points-of-parity are those potentially negative associations that arise from the ex- istence of other, more positive associations for the brand. One challenge for marketers is that many of the attributes or benefits that make up their POPs or PODs are inversely related. In other words, in the minds of consumers, if your brand is good at one thing, it can’t be seen as also good on something else. For example, consumers might find it hard to believe a brand is “inexpensive” and at the same time “of the highest quality.” Figure 2-6 displays some other examples of negatively correlated attri- butes and benefits.

Moreover, individual attributes and benefits often have both positive and negative aspects. A long heritage could be seen as a positive attribute because it can suggest experience, wisdom, and expertise. On the other hand, it could be a negative attribute because it might imply being old- fashioned and not contemporary and up-to-date. Below, we consider strategies to address these trade-offs.

Points-of-Parity versus Points-of-Difference. POPs are important because they can undermine PODs: unless certain POPs can be achieved to overcome potential weaknesses, PODs may not even matter. For the brand to achieve a point-of-parity on a particular attribute or benefit, a sufficient number of consumers must believe that the brand is “good enough” on that dimension. There is a “zone” or “range of tolerance or acceptance” with POPs. The brand does not have to be seen as literally equal to competitors, but consumers must feel that it does sufficiently well on that par- ticular attribute or benefit so that they do not consider it to be a negative or a problem. Assuming con- sumers feel that way, they may then be willing to base their evaluations and decisions on other factors potentially more favorable to the brand.

Points-of-parity are thus easier to achieve than points-of-difference, where the brand must dem- onstrate clear superiority. Often, the key to positioning is not so much achieving a POD as achieving necessary, competitive and correlational POPs.

FIGURE 2-6

Examples of Negatively Correlated Attributes and Benefits

Low price vs. high quality Taste vs. low calories Nutritious vs. good tasting Efficacious vs. mild Powerful vs. safe

Strong vs. refined Ubiquitous vs. exclusive Varied vs. simple

 POSITIONING GUIDELINES

The concepts of points-of-difference and points-of-parity can be invaluable tools to guide positioning. Two key issues in arriving at the optimal competitive brand positioning are (1) defining and communicating the competitive frame of reference and (2) choosing and establishing points-of-parity and points-of-difference.41

Defining and Communicating the Competitive Frame of Reference

A starting point in defining a competitive frame of reference for a brand positioning is to determine cat- egory membership. With which products or sets of products does the brand compete? As noted above, choosing to compete in different categories often results in different competitive frames of reference and thus different POPs and PODs.

The product's category membership tells consumers about the goals they might achieve by using a product or service. For highly established products and services, category membership is not a focal issue. Customers are aware that Coca-Cola is a leading brand of soft drink, Kellogg's Corn Flakes is a leading brand of cereal, McKinsey is a leading strategy consulting firm, and so on.

There are many situations, however, in which it is important to inform consumers of a brand's cat- egory membership. Perhaps the most obvious is the introduction of new products, where the category membership is not always apparent.

FREELINE SKATES

The challenge for Ryan Farrelly, inventor of Freeline skates, is to convey how the product fits in with existing prod- ucts. Dubbed "The Next Ride," Freeline skates are a blend of skates and skateboards: a small square skateboard with two wheels apiece, each smaller than the rider's foot, to be ridden sideways. Although Freelines are more nimble than a traditional skateboard, the skateboarding community has taken a dim view of them, seeing them as akin to in-line skates, which they disdain. Farrelly might be encouraged by the experiences of Jake Burton, one of the early snowboarding pioneers. When Burton began his business, the ski, skate, and surf shops weren't interested in selling his product, forcing the company to initially sell by mail order. After catching fire with consumers, the category expe- rienced rapid growth, but even after 30 years in the business, Burton still owns almost 60 percent of the market.42

Positioning a new-to-the-world product like Freeline skates—a hybrid of skates and skateboards—presents a unique marketing challenge.

Source: Freeline Skates

Sometimes consumers know a brand's category membership but may not be convinced the brand is a true, valid member of the category. For example, consumers may be aware that Sony produces com- puters, but they may not be certain whether Sony Vaio computers are in the same "class" as Dell, HP, and Lenovo. In this instance, it might be useful to reinforce category membership.

Brands are sometimes affiliated with categories in which they do not hold membership rather than with the one in which they do. This approach is a viable way to highlight a brand's point-of-difference from competitors, provided that consumers know the brand's actual membership. For example, Bristol- Myers Squibb ran commercials at one time for its Excedrin aspirin acknowledging Tylenol's perceived consumer acceptance for aches and pains, but touting the Excedrin brand as "the Headache Medicine." With this approach, however, it is important that consumers understand what the brand is, and not just what it is not.

The preferred approach to positioning is to inform consumers of a brand's membership before stating its point-of-difference in relationship to other category members. Presumably, consumers need to know what a product is and what function it serves before they can decide whether it dominates the brands against which it competes. For new products, separate marketing programs are generally needed to inform consumers of membership and to educate them about a brand's point-of-difference. For brands with limited resources, this implies the development of a marketing strategy that establishes category membership prior to one that states a point-of-difference. Brands with greater resources can develop concurrent marketing programs, one of which features membership and the other the point-of- difference. Efforts to inform consumers of membership and points-of-difference in the same ad, how- ever, are often not effective.

There are three main ways to convey a brand's category membership: communicating category ben- efits, comparing to exemplars, and relying on a product descriptor.

Communicating Category Benefits. To reassure consumers that a brand will deliver on the fundamen- tal reason for using a category, marketers frequently use benefits to announce category membership. Thus, industrial motors might claim to have power, and analgesics might announce their efficacy. These benefits are presented in a manner that does not imply brand superiority but merely notes that the brand possesses them as a means to establish category POPs. Performance and imagery associations can provide supporting evidence. A cake mix might attain membership in the cake category by claiming the benefit of great taste and might support this benefit claim by possessing high-quality ingredients (performance) or by showing users delight- ing in its consumption (imagery).

Exemplars. Well-known, noteworthy brands in a category can also be used as exemplars to specify a brand's category membership. When Tommy Hilfiger was an unknown designer, advertising announced his membership as a great American designer by associating him with Geoffrey Beene, Stanley Blacker, Calvin Klein, and Perry Ellis, who were recognized members of that category at that time. The National Pork Board successfully advertised for over two decades that pork was "the Other White Meat," riding the coat- tails of the popularity of chicken in the process.43

Product Descriptor. The product descriptor that follows the brand name is often a very compact means of conveying category origin. For example, USAir changed its name to US Airways, according to CEO Stephen Wolf, as part of the airline's attempted transformation from a regional carrier with a poor reputation to a strong national or even international brand. The argument was that other major airlines had the word airlines or airways in their names rather than air, which was felt to be typically associated with smaller, regional carriers.44 For Example;

• California's prune growers and marketers have attempted to establish an alternative name for their product, "dried plums," because prunes were seen by the target market of 35- to 50-year-old women as "a laxative for old people."45

Establishing a brand's category membership is usually not sufficient for effective brand positioning. If many firms engage in category-building tactics, the result may even be consumer confusion. For example, at the peak of the dot-com boom, Ameritrade, E*TRADE, Datek, and others advertised lower commission rates on stock trades than conventional brokerage firms. A sound positioning strategy requires marketers to specify not only the category but also how the brand dominates other members of its category. Developing compelling points-of-difference is thus critical to effective brand positioning.46

Choosing Points-of-Difference

A brand must offer a compelling and credible reason for choosing it over the other options. In determin- ing whether an attribute or benefit for a brand can serve as point-of-difference, there are three key con- siderations. The brand association must be seen as desirable, deliverable, and differentiating. These three considerations for developing an optimal positioning align with the three perspectives on which any brand must be evaluated, namely the consumer, the company, and the competition. Desirability is determined from the consumer's point of view, deliverability is based on a company's inherent capabilities, and dif- ferentiation is determined relative to the competitors.

To function as a POD, consumers ideally would see the attribute or benefit as highly important, feel confident that the firm has the capabilities to deliver it, and be convinced that no other brand could of- fer it to the same extent. If these three criteria are satisfied, the brand association should have sufficient strength, favorability, and uniqueness to be an effective POD. Each of these three criteria has a number of considerations, which we look at next.

Desirability Criteria. Target consumers must find the POD personally relevant and important. Brands that tap into growing trends with consumers often find compelling PODs. For example, Apple & Eve's pure, natural fruit juices have ridden the wave of the natural foods movement to find success in an in- creasingly health-minded beverage market.47

Just being different is not enough—the differences must matter to consumers. For example, at one time a number of brands in different product categories (colas, dishwashing soaps, beer, de- odorants, gasoline) introduced clear versions of their products to better differentiate themselves. The "clear" association has not seemed to be of enduring value or to be sustainable as a point-of- difference. In most cases, these brands experienced declining market share or disappeared altogether.

Deliverability Criteria. The deliverability of an attribute or benefit brand association depends on both a company's actual ability to make the product or service (feasibility) as well as their effectiveness in convincing consumers of their ability to do so (communicability), as follows:48

• Feasibility: Can the firm actually supply the benefit underlying the POD? The product and marketing must be designed in a way to support the desired association. It is obviously easier to convince consumers of some fact about the brand that they were unaware of or may have overlooked than to make changes in the product and convince consumers of the value of these changes. As noted above, perhaps the simplest and most effective approach is to point to a unique attribute of the product as a proof point or reason-to-believe. Thus, Mountain Dew may argue that it is more energizing than other soft drinks and support this claim by noting that it has a higher level of caffeine. On the other hand, when the point-of-difference is abstract or im- age based, support for the claim may reside in more general associations to the company that have been developed over time. Thus, Chanel No. 5 perfume may claim to be the quintessential elegant, French perfume and support this claim by noting the long association between Chanel and haute couture.

• Communicability: The key issue in communicability is consumers' perceptions of the brand and the resulting brand associations. It is very difficult to create an association that is not consis- tent with existing consumer knowledge, or that consumers, for whatever reason, have trouble believing in. What factual, verifiable evidence or "proof points" can marketers communicate

as support, so that consumers will actually believe in the brand and its desired associations? These "reasons-to-believe" are critical for consumer acceptance of a potential POD. Any claims must pass legal scrutiny too. The makers of category leader POM Wonderful 100% Pomegranate Juice have battled with the Federal Trade Commission over what the FTC deems as “false and unsubstantiated claims” about treating or preventing heart disease, prostate cancer, and erectile dysfunction.49

Differentiation Criteria. Finally, target consumers must find the POD distinctive and superior. When marketers are entering a category in which there are established brands, the challenge is to find a viable, long-term basis for differentiation. Is the positioning preemptive, defensible, and difficult to attack? Can the brand association be reinforced and strengthened over time? If these are the case, the positioning is likely to last for years.

Sustainability depends on internal commitment and use of resources as well as external market forces. Before encountering tough economic times, Applebee’s strategy for leadership in the casual dining restaurant business, in part, was to enter smaller markets where a second major competitor might be unlikely to enter—hello Hays, Kansas! Although there are downsides to such a strategy— potentially smaller volume and lethal word-of-mouth from any service snafus—competitive threats are minimal.50

Establishing Points-of-Parity and Points-of-Difference

The key to branding success is to establish both points-of-parity and points-of-difference. Branding Brief 2-1 describes how the two major U.S. political parties have applied basic branding and positioning prin- ciples in their pursuit of elected office.

In creating both POPs and PODs, one of the challenges in positioning is the inverse relationships that may exist in the minds of many consumers. Unfortunately, as noted above, consumers typically want to maximize both the negatively correlated attributes and benefits. To make things worse, competi- tors often are trying to achieve their point-of-difference on an attribute that is negatively correlated with the point-of-difference of the target brand.

Much of the art and science of marketing is knowing how to deal with trade-offs, and positioning is no different. The best approach clearly is to develop a product or service that performs well on both dimensions. Gore-Tex, for example, was able to overcome the seemingly conflicting product image of “breathable” and “waterproof” through technological advances.

Several additional ways exist to address the problem of negatively correlated POPs and PODs. The following three approaches are listed in increasing order of effectiveness—but also increasing order of difficulty.

Separate the Attributes. An expensive but sometimes effective approach is to launch two differ- ent marketing campaigns, each devoted to a different brand attribute or benefit. These campaigns may run concurrently or sequentially. For example, Head & Shoulders met success in Europe with a dual campaign in which one ad emphasized its dandruff removal efficacy while another ad emphasized the appearance and beauty of hair after its use. The hope is that consumers will be less critical when judg- ing the POP and POD benefits in isolation, because the negative correlation might be less apparent. The downside is that two strong campaigns have to be developed—not just one. Moreover, if the marketer does not address the negative correlation head-on, consumers may not develop as positive an association as desired.

Leverage Equity of Another Entity. Brands can link themselves to any kind of entity that pos- sesses the right kind of equity—a person, other brand, event, and so forth—as a means to establish an attribute or benefit as a POP or POD. Self-branded ingredients may also lend some credibility to a ques- tionable attribute in consumers’ minds.

 BRANDING BRIEF 2-1

Positioning Politicians

The importance of marketing has not been lost on politicians, and, although there are a number of different ways to interpret their words and actions, one way to interpret campaign strategies is from a branding perspective. For exam- ple, consultants to political candidates stress the importance of having “high name ID” or, in other words, a high level of brand awareness. In major races, at least 90 percent awareness is desired. Consultants also emphasize “positives–negatives”—voters’ responses when asked whether they think positively or negatively of a candidate. A 3:1 ratio is desired (and 4:1 is even better). This measure corresponds to brand attitude in marketing terms.

The last three decades of presidential campaigns are revealing about the importance of properly positioning a politician. George H. W. Bush ran a textbook presidential campaign in 1988.

The objective was to move the candidate to the center of the political spectrum and make him a “safe” choice, and to move his Democratic opponent, Massachusetts governor Michael Dukakis, to the left and make him seem more liberal and a “risky” choice. Specific goals were to create a point-of-difference on traditional Republican issues such as defense, the economy (and taxes), and crime and to create a point-of-parity—thus negating the opponent’s point-of-difference—on traditional Democratic issues such as the environment, education, and abortion rights. Having successfully achieved these points-of-parity and points- of-difference in the minds of the voters, Bush won in a landslide.

Although the Republicans ran a nearly flawless campaign in 1988, that was not the case in 1992. The new Democratic can- didate, Bill Clinton, was a fierce campaigner who ran a focused effort to create a key point-of-difference on one main issue—the economy. Rather than attempting to achieve a point-of-parity on this issue, Bush, who was running for reelection, campaigned on other issues such as family values. By conceding a key point-of- difference to the Democrats and failing to create a compelling one of their own, Bush and the Republicans were defeated handily.

Failing to learn from their mistakes, the Republicans ran a meandering campaign in 1996 that failed to achieve either

Barack Obama’s 2008 presidential campaign was a textbook classic of modern marketing with a heavy dose of social media.

Source: Christopher Fitzgerald/CandidatePhotos/Newscom

points-of-parity or points-of-difference. Not surprisingly, their presidential candidate, Bob Dole, lost decisively to the incum- bent Bill Clinton. The closeness of the 2000 election between Al Gore and George W. Bush reflected the failure of either can- didate to create a strong point-of-difference with the elector- ate. There was a similarly tight election in 2004 because neither George W. Bush nor John Kerry was successful at carving out a strong position in voters’ minds.

The 2008 presidential election, however, was another textbook application of branding as Barack Obama ran a very sophisticated and modern marketing campaign. Republican candidate John McCain attempted to create a point-of-difference on experience and traditional Republican values; Obama sought to create a point-of-difference on new ideas and hope. Their vice presidential choices helped shore up their needed points-of- parity: Joe Biden for Obama offered trusted seniority; Sarah Palin for McCain, albeit controversial, offered a younger, fresher voice.

The Obama campain team effectively hammered home his message. Multimedia tactics combined offline and online media as well as free and paid media. In addition to traditional print, broadcast, and outdoor ads, social media like Facebook, Meetup, YouTube, and Twitter and long-form videos were

employed so people could learn more about Obama and the passion others had about the candidate. Even Obama's slo- gans ("Yes We Can" and "Change We Can Believe In") and campaign posters (the popular stencil portrait of Obama in solid red, white, and pastel and dark shades of blue with the word "PROGRESS," "HOPE," or "CHANGE" prominently be- low) became iconic symbols, and Obama breezed to victory.

Sources: "Gore and Bush Are Like Classic Brands," New York Times, 25 July 2000, B8; Michael Learmonth, "Social Media Paves Way to White House," Advertising Age, 30 March 2009, 16; Noreen O'Leary, "GMBB," AdweekMedia, 15 June 2009, 2; John Quelch, "The Mar- keting of a President," Harvard Business School Working Knowledge, 12 November 2008.

The introduction of Miller Lite beer is a classic example of a brand "borrowing" or leveraging the equity of well-known and well-liked celebrities to lend credibility to one of the negatively cor- related benefits.

MILLER LITE

When Philip Morris bought Miller Brewing, its flagship High Life brand was not competing particularly well, leading the company to decide to introduce a light beer. The initial advertising strategy for Miller Lite was to ensure parity with a necessary and important consideration in the category by stating that it "tastes great," while at the same time creating a point-of-difference with the fact that it contained one-third fewer calories (96 calories versus 150 calories for conventional 12-ounce full-strength beer) and was thus "less filling." The point-of-parity and point-of-difference were somewhat conflicting, as consumers tend to equate taste with calories. To overcome potential consumer resistance to this notion, Miller employed credible spokespeople, primarily popular former professional athletes who would presumably not drink a beer unless it tasted good. These ex-jocks were placed in amusing situations in ads where they debated which of the two product bene- fits—"tastes great" or "less filling"—was more descriptive of the beer, creating valuable points-of-parity and points-of-difference. The ads ended with the clever tag line "Everything You've Always Wanted in a Beer . . . and Less."

Borrowing equity, however, is neither costless nor riskless. Chapter 7 reviews these considerations in detail and outlines the pros and cons of leveraging equity.

Redefine the Relationship. Finally, another potentially powerful but often difficult way to address the negative relationship between attributes and benefits in the minds of consumers is to convince them that in fact the relationship is positive. Marketers can achieve this by providing consumers with a differ- ent perspective and suggesting that they may be overlooking or ignoring certain factors or other consid- erations. Apple offers another classic example.

APPLE

When Apple launched the Macintosh computer in the 1980s—back in the early days of personal computing—its key point-of-difference was "user friendly." Many consumers valued ease of use—especially those who bought personal computers for the home—because in a pre-Windows world, the DOS PC operating system was complex and clumsy. One drawback with that association for Apple, however, was that customers who bought personal computers for business applications inferred that if a personal computer was easy to use, then it also must not be very powerful—and power was a key choice consideration in the business market. Recognizing this potential problem, Apple ran a clever ad campaign with the tag line "The Power to Be Your Best," in an attempt to rede- fine what being a powerful computer meant. The message behind the ads was that because Apple was easy to use, people in fact did just that—they used them!—a simple but important indication of "power." In other words, the most powerful computers were ones that people actually used.

Apple has worked hard through the years to convince consumers that its computer products are powerful and easy to use.

Source: pcruciatti/Alamy

Although difficult to achieve, such a strategy can be powerful because the two associations can become mutually reinforcing. The challenge is to develop a credible story with which consumers can agree.

Straddle Positions

Occasionally, a company will be able to straddle two frames of reference with one set of points-of- difference and points-of-parity. In these cases, the points-of-difference in one category become points- of-parity in the other and vice-versa for points-of-parity. For example, Accenture defines itself as the company that combines (1) strategic insight, vision, and thought leadership and (2) information technol- ogy expertise in developing client solutions. This strategy permits points-of-parity with its two main competitors, McKinsey and IBM, while simultaneously achieving points-of-difference. Specifically, Accenture has a point-of-difference on technology and execution with respect to McKinsey and a point- of-parity on strategy and vision. The reverse is true with respect to IBM: technology and execution are points-of-parity, but strategy and vision are points-of-difference. Another brand that has successfully employed a straddle positioning is BMW.

BMW

When BMW first made a strong competitive push into the U.S. market in the early 1980s, it positioned the brand as being the only automobile that offered both luxury and performance. At that time, U.S. lux- ury cars like Cadillac were seen by many as lacking performance, and U.S. performance cars like the Chevy Corvette were seen as lacking luxury. By relying on the design of its cars, its German heritage, and other aspects of a well-designed marketing program, BMW was able to simultaneously achieve (1) a point-of-difference on performance and a point-of-parity on luxury with respect to luxury cars and (2) a point-of-difference on luxury and a point-of-parity on performance with respect to perfor- mance cars. The clever slogan, "The Ultimate Driving Machine," effectively captured the newly created umbrella category—luxury performance cars.

BMW's "Ultimate Driving Machine" slogan nicely captures the brand's dual features of luxury and performance.
Source: BMW AG
While a straddle positioning often is attractive as a means of reconciling potentially conflicting con- sumer goals and creating a "best-of-both-worlds" solution, it also carries an extra burden. If the points- of-parity and points-of-difference with respect to both categories are not credible, consumers may not view the brand as a legitimate player in either category. Many early PDAs that unsuccessfully tried to straddle categories ranging from pagers to laptop computers provide a vivid illustration of this risk.
Updating Positioning Over Time
The previous section described some positioning guidelines that are especially useful for launching a new brand. With an established brand, an important question is how often to update its positioning. As a general rule, positioning should be fundamentally changed very infrequently, and only when circum- stances significantly reduce the effectiveness of existing POPs and PODs.
Positioning, however, will evolve over time to better reflect market opportunities or challenges. A point-of-difference or point-of-parity may be refined, added, or dropped as situations dictate. One com- mon market opportunity that often arises is the need to deepen the meaning of the brand to permit fur- ther expansion—laddering. One common market challenge is how to respond to competitive actions that threaten an existing positioning—reacting. We consider the positioning implications of each in turn.
Laddering. Although identifying PODs to dominate competition on benefits that are important to con- sumers provides a sound way to build an initial position, once the target market attains a basic under- standing of how the brand relates to alternatives in the same category, it may be necessary to deepen the meanings associated with the brand positioning. It is often useful to explore underlying consumer motiva- tions in a product category to uncover the relevant associations. For example, Maslow's hierarchy main- tains that consumers have different priorities and levels of needs.51
From lowest to highest priority, they are as follows:
1. Physiological needs (food, water, air, shelter, sex)
2. Safety and security needs (protection, order, stability)
3. Social needs (affection, friendship, belonging)
4. Ego needs (prestige, status, self-respect)
5. Self-actualization (self-fulfillment)

According to Maslow, higher-level needs become relevant once lower-level needs have been satisfied. Marketers have also recognized the importance of higher-level needs. For example, means-end chains have been devised as a way of understanding higher-level meanings of brand characteristics. A means-end chain takes the following structure: attributes (descriptive features that characterize a prod- uct) lead to benefits (the personal value and meaning attached to product attributes), which, in turn, lead

to values (stable and enduring personal goals or motivations).52
In other words, a consumer chooses a product that delivers an attribute (A) that provides benefits or
has certain consequences (B/C) that satisfy values (V). For example, in a study of salty snacks, one re- spondent noted that a flavored chip (A) with a strong taste (A) would mean that she would eat less (B/C), not get fat (B/C), and have a better figure (B/C), all of which would enhance her self-esteem (V).
Laddering thus progresses from attributes to benefits to more abstract values or motivations. In ef- fect, laddering repeatedly asks what the implication of an attribute or benefit is for the consumer. Failure to move up the ladder may reduce the strategic alternatives available to a brand.53 For example, P&G introduced low-sudsing Dash detergent to attract consumers who used front-loading washing machines. Many years of advertising Dash in this manner made this position impenetrable by other brands. Dash was so associated with front-loaders, however, that when this type of machine went out of fashion, so did Dash, despite the fact that it was among P&G’s most effective detergents, and despite significant ef- forts to reposition the brand.
Some attributes and benefits may lend themselves to laddering more easily than others. For exam- ple, the Betty Crocker brand appears on a number of different baking products and is characterized by the physical warmth associated with baking. Such an association makes it relatively easy to talk about emotional warmth and the joy of baking or the good feelings that might arise from baking for others across a wide range of baking-related products.
Thus, some of the strongest brands deepen their points-of-difference to create benefit and value associa- tions, for example, Volvo and Michelin (safety and peace of mind), Intel (performance and compatibility), Marlboro (western imagery), Coke (Americana and refreshment), Disney (fun, magic, family entertainment), Nike (innovative products and peak athletic performance), and BMW (styling and driving performance).
As a brand becomes associated with more and more products and moves up the product hierarchy, the brand’s meaning will become more abstract. At the same time, it is important that the proper cat- egory membership and POPs and PODs exist in the minds of consumers for any particular products sold under the brand name, as discussed in Chapter 11.
Reacting. Competitive actions are often directed at eliminating points-of-difference to make them points-of-parity or to strengthen or establish new points-of-difference. Often competitive advantages exist for only a short period of time before competitors attempt to match them. For example, when Goodyear introduced RunOnFlat tires (which allowed tires to keep going for up to 50 miles at a speed of 55 mph after a tire puncture or blowout), Michelin quickly responded with the Zero Pressure tire, which offered the same consumer benefit.
When a competitor challenges an existing POD or attempts to overcome a POP, there are essentially three main options for the target brand—from no reaction to moderate to significant reactions.
• Do nothing. If the competitive actions seem unlikely to recapture a POD or create a new POD, then the best reaction is probably to just stay the course and continue brand-building efforts.
• Go on the defensive. If the competitive actions appear to have the potential to disrupt the market some, then it may be necessary to take a defensive stance. One way to defend the positioning is to add some reassurance in the product or advertising to strengthen POPs and PODs.

• Go on the offensive. If the competitive actions seem potentially quite damaging, then it might be necessary to take a more aggressive stance and reposition the brand to address the threat. One ap- proach might be to launch a product extension or ad campaign that fundamentally changes the meaning of the brand.

A brand audit can help marketers assess the severity of the competitive threat and the appropriate competitive stance, as described in Chapter 8.

Developing a Good Positioning

A few final comments are useful to help guide positioning efforts. First, a good positioning has a “foot in the present” and a “foot in the future.” It needs to be somewhat aspirational so that the brand has room to grow and improve. Positioning on the basis of the current state of the market is not forward- looking enough; but, at the same time, the positioning cannot be so removed from the current reality that it is essentially unobtainable. The real trick in positioning is to strike just the right balance between what the brand is and what it could be.

Second, a good positioning is careful to identify all relevant points-of-parity. Too often marketers over- look or ignore crucial areas where the brand is potentially disadvantaged to concentrate on areas of strength. Both are obviously necessary as points-of-difference will not matter without the requisite points-of-parity. One good way to uncover key competitive points-of-parity is to role play competitor’s positioning and infer their intended points-of-difference. Competitor’s PODs will, in turn, become the brand’s POPs. Consumer research into the trade-offs in decision-making that exist in the minds of consumers can also be informative.

Third, a good positioning should reflect a consumer point of view in terms of the benefits that consumers derive from the brand. It is not enough to advertise that you are the “biggest selling gasoline in the world”—as Shell Oil did once. An effective POD should make clear why that it so desirable to consumers. In other words, what benefits would a consumer get from that unique attribute? Does that mean Shell Oil is more convenient due to more locations, or perhaps able to charge lower prices due to economies of scale? Those benefits, if evident, should become the basis for the positioning, with the proof point or RTB being the attribute of “biggest selling gasoline.”

Finally, as we will develop in greater detail with the brand resonance model in the next chapter, it is important that a duality exists in the positioning of a brand such that there are rational and emotional components. In other words, a good positioning contains points-of-difference and points-of-parity that appeal both to the “head” and the “heart.”

DEFINING A BRAND MANTRA

Brand positioning describes how a brand can effectively compete against a specified set of competitors in a particular market. In many cases, however, brands span multiple product categories and therefore may have multiple distinct—yet related—positionings. As brands evolve and expand across categories, marketers will want to craft a brand mantra that reflects the essential “heart and soul” of the brand.

Brand Mantras

To better establish what a brand represents, marketers will often define a brand mantra.54 A brand man- tra is a short, three- to five-word phrase that captures the irrefutable essence or spirit of the brand po- sitioning. It’s similar to “brand essence” or “core brand promise,” and its purpose is to ensure that all employees and external marketing partners understand what the brand most fundamentally is to repre- sent to consumers so they can adjust their actions accordingly. For example, McDonald's brand philoso- phy of "Food, Folks, and Fun" nicely captures its brand essence and core brand promise.

Brand mantras are powerful devices. They can provide guidance about what products to introduce under the brand, what ad campaigns to run, and where and how the brand should be sold. They may even guide the most seemingly unrelated or mundane decisions, such as the look of a reception area and the way employees answer the phone. In effect, brand mantras create a mental filter to screen out brand-inappropriate marketing activities or actions of any type that may have a negative bearing on customers' impressions of a brand.

Brand mantras help the brand present a consistent image. Any time a consumer or customer en- counters a brand—in any way, shape, or form—his or her knowledge about that brand may change and affect the equity of the brand. Given that a vast number of employees come into contact with consumers, either directly or indirectly, their words and actions should consistently reinforce and support the brand meaning. Marketing partners like ad agency members may not even recognize their role in influencing equity. The brand mantra signals its meaning and importance to the firm, as well as the crucial role of employees and marketing partners in its management. It also provides memorable shorthand as to what are the crucial considerations of the brand that should be kept most salient and top-of-mind.

Designing a Brand Mantra. What makes a good brand mantra? Two high-profile and successful examples of brand mantras come from two powerful brands, Nike and Disney, as described in Branding Briefs 2-2 and 2-3. Brand mantras must economically communicate what the brand is and what it is not. The Nike and Disney examples show the power and utility of a well-designed brand mantra. They also help suggest what might characterize a good brand mantra. Both examples are essentially structured the same way, with three terms, as follows:

Emotional Modifier

Nike Authentic

Disney Fun

BRANDING BRIEF 2-2

Descriptive Modifier

Athletic

Family

Brand Function

Performance

Entertainment

Nike Brand Mantra

Abrand with a keen sense of what it represents to consum- ers is Nike. Nike has a rich set of associations with consumers, revolving around such considerations as its innovative product designs, its sponsorships of top athletes, its award-winning advertising, its competitive drive, and its irreverent attitude. Internally, Nike marketers adopted a three-word brand mantra of "authentic athletic performance" to guide their marketing efforts. Thus, in Nike's eyes, its entire marketing program—its products and how they are sold—must reflect the key brand values conveyed by the brand mantra.

Nike's brand mantra has had profound implications for its marketing. In the words of ex-Nike marketing gurus Scott Bedbury and Jerome Conlon, the brand mantra provided the "intellectual guard rails" to keep the brand moving in the right direction and to make sure it did not get off track somehow. Nike's brand mantra has even affected product development. Over the years, Nike has expanded its brand meaning from "run- ning shoes" to "athletic shoes" to "athletic shoes and apparel" to "all things associated with athletics (including equipment)."

Each step of the way, however, it has been guided by its "authentic athletic performance" brand mantra. For example, as Nike rolled out its successful apparel line, one important hur- dle for the products was that they should be innovative enough through material, cut, or design to truly benefit top athletes. The revolutionary moisture-wicking technology of their Dri-Fit apparel line left athletes drier and more comfortable as they sweat. At the same time, the company has been careful to avoid using the Nike name to brand products that did not fit with the brand mantra, like casual "brown" shoes.

When Nike has experienced problems with its market- ing program, they have often been a result of its failure to figure out how to translate its brand mantra to the marketing challenge at hand. For example, in going to Europe, Nike expe- rienced several false starts until realizing that "authentic ath- letic performance" has a different meaning over there and, in particular, has to involve soccer in a major way. Similarly, Nike

Nike's brand mantra of "authentic athletic performance" is exemplified by athletes such as Roger Federer.

Source: Jean Catuffe, PacificCoastNews/Newscom

stumbled in developing its All Conditions Gear (ACG) outdoors shoes and clothing sub-brand, which attempted to translate its brand mantra into a less competitive arena.

BRANDING BRIEF 2-3

Disney Brand Mantra

Disney developed its brand mantra in response to its incred- ible growth through licensing and product development during the mid-1980s. In the late 1980s, Dis- ney became concerned that some of its characters, like Mickey Mouse and Donald Duck, were being used inappropriately and becoming over- exposed. To investigate the severity of the problem, Disney undertook an extensive brand audit. As part of a brand inventory, it first compiled a list of all Disney products that were available (licensed and company manufactured) and all third-party promotions (complete with point-of-purchase displays and relevant merchandising) from stores across the country and all over the world. At the same time, Disney launched a major consumer research study—a brand exploratory—to investigate how consumers felt about the Disney brand.

The results of the brand inventory revealed some po- tentially serious problems: the Disney characters were on so many products and marketed in so many ways that in some cases it was difficult to discern the rationale behind the deal to start with. The consumer study only heightened Disney's concerns. Because of the broad exposure of the characters in the marketplace, many consumers had begun to feel that Disney was exploiting its name. In some cases, consumers felt that the characters added little value to products and, worse yet, involved children in purchase decisions that they would typically ignore.

Because of its aggressive marketing efforts, Disney had written contracts with many of the "park participants" for copromotions or licensing arrangements. Disney characters were selling everything from diapers to cars to McDonald's hamburgers. Disney learned in the consumer study, how- ever, that consumers did not differentiate between all the product endorsements. "Disney was Disney" to consumers, whether they saw the characters in films, records, theme parks, or consumer products. Consequently, all products and services that used the Disney name or characters had an impact on Disney's brand equity. Consumers reported that

Disney's brand mantra of "fun family entertainment" gave marketers "guard rails" to help avoid brand-inconsistent actions.

Source: ZHANG JUN/Xinhua/Photoshot/Newscom

they resented some of these endorsements because they felt that they had a special, personal relationship with the characters and with Disney that should not be handled so carelessly.

As a result of the brand audit, Disney moved quickly to establish a brand equity team to better manage the brand franchise and more carefully evaluate licensing and other third-party promotional opportunities. One of the mandates of this team was to ensure that a consistent image for Disney— reinforcing its key brand associations—was conveyed by all third-party products and services. To facilitate this supervi- sion, Disney adopted an internal brand mantra of "fun family entertainment" to serve as a screening device for pro- posed ventures. Opportunities that were not consistent with the brand mantra—no matter how appealing—were rejected. For ex- ample, Disney was approached to cobrand a mutual fund in Europe that was designed as a way for parents to save for the college expenses of their children. The opportunity was declined despite the consistent "family" association, because Disney believed that a connection with the financial commu- nity or banking suggested other associations that were incon- sistent with its brand image (mutual funds are rarely intended to be entertaining!).

The brand functions term describes the nature of the product or service or the type of experiences or benefits the brand provides. It can range from concrete language that reflects the product category itself, to more abstract notions (like Nike's and Disney's), where the term relates to higher-order ex- periences or benefits that a variety of different products could deliver. The descriptive modifier further clarifies its nature. Thus, Nike's performance is not just any kind (not artistic performance, for instance) but only athletic performance; Disney's entertainment is not just any kind (not adult-oriented) but only family entertainment (and arguably an additional modifier, "magical," could add even more distinctive- ness). Combined, the brand function term and descriptive modifier help delineate the brand boundaries. Finally, the emotional modifier provides another qualifier—how exactly does the brand provide benefits and in what ways? Brand mantras don't necessarily have to follow this exact structure, but they should clearly delin- eate what the brand is supposed to represent and therefore, at least implicitly, what it is not. Several ad- ditional points are worth noting.

1. Brand mantras derive their power and usefulness from their collective meaning. Other brands may be strong on one, or perhaps even a few, of the brand associations making up the brand mantra. For the brand mantra to be effective, no other brand should singularly excel on all dimensions. Part of the key to both Nike's and Disney's success is that for years, no other competitor could really de- liver on the promise suggested by their brand mantras as well as they did.
2. Brand mantras typically are designed to capture the brand's points-of-difference, that is, what is unique about the brand. Other aspects of the brand positioning—especially the brand's points-of- parity—may also be important and may need to be reinforced in other ways.
3. For brands facing rapid growth, a brand functions term can provide critical guidance as to ap- propriate and inappropriate categories into which to extend. For brands in more stable categories, the brand mantra may focus more on points-of-difference as expressed by the functional and emotional modifiers, perhaps not even including a brand functions term.

Implementing a Brand Mantra. Brand mantras should be developed at the same time as the brand positioning. As we've seen, brand positioning typically is a result of an in-depth examination of the brand through some form of brand audit or other activities. Brand mantras may benefit from the learning gained from those activities but, at the same time, require more internal examination and involve input from a wider range of company employees and marketing staff. Part of this internal exercise is actually to determine the different means by which each and every employee currently affects brand equity, and how he or she can contribute in a positive way to a brand's destiny. The importance of internal branding is reinforced in The Science of Branding 2-2.

Marketers can often summarize the brand positioning in a few sentences or a short paragraph that suggests the ideal core brand associations consumers should hold. Based on these core brand associa- tions, a brainstorming session can attempt to identify PODs, POPs, and different brand mantra candi- dates. In the final brand mantra, the following considerations should come into play:

• Communicate: A good brand mantra should both define the category (or categories) of the business to set the brand boundaries and clarify what is unique about the brand.
• Simplify: An effective brand mantra should be memorable. That means it should be short, crisp, and vivid. A three-word mantra is ideal because it is the most economical way to convey the brand positioning.
• Inspire: Ideally, the brand mantra should also stake out ground that is personally meaningful and rel- evant to as many employees as possible. Brand mantras can do more than inform and

guide; they can also inspire, if the brand values tap into higher-level meaning with employees as well as consumers.

Regardless of how many words make up the mantra, however, there will always be a level of meaning beneath the brand mantra itself that will need to be articulated. Virtually any word may have many interpretations. For example, the words fun, family, and entertainment in Disney's brand

THE SCIENCE OF BRANDING 2-2

Branding Inside the Organization

Brand mantras point out the importance of internal branding—making sure that members of the organization are properly aligned with the brand and what it represents. Much of the branding literature has taken an external perspective, focusing on strategies and tactics that firms should take to build or manage brand equity with customers. Without ques- tion, at the heart of all marketing activity is the positioning of a brand and the essence of its meaning with consumers. Equally important, however, is positioning the brand in- ternally.55 For service companies especially, it's critical that all employees have an up-to-date and deep understanding of the brand. Recently, a number of companies have put forth initia- tives to improve their internal branding.

One of the fastest growing and most successful restaurant chains in the United States, Panda Express, devotes significant resources to internal training and development for employees. Besides services training, privately owned Panda Express sup- ports the personal improvement efforts of its staff—controlling weight, working on communications skills, jogging, and at- tending seminars—in the belief that healthier, happier employ- ees increase sales and profitability.

Singapore Airlines also invests heavily in employee training: new recruits receive four months of training, twice as long as the industry average. The company also spends about $70 mil- lion a year on retraining each of its 14,500 existing employees. Training focuses on deportment, etiquette, wine appreciation, and cultural sensitivity. Cabin crew learn how to interact differ- ently with Japanese, Chinese, and U.S. passengers as well as the importance of communicating at eye level and not "look- ing down" at passengers.

Companies need to engage in continual open dialogue with their employees. Branding should be perceived as partici- patory. Some firms have pushed B2E (business-to-employee) programs through corporate intranets and other means. Dis- ney is seen as so successful at internal branding that its Disney Institute holds seminars on the "Disney Style" of creativity, ser- vice, and loyalty for employees from other companies.

In short, for both motivating employees and attracting exter- nal customers, internal branding is a critical management priority.

Sources: Karl Taro Greenfeld, "The Sharin' Huggin' Lovin' Carin' Chinese Food Money Machine," Bloomberg Businessweek, 28 Novem- ber 2010, 98–103; Loizos Heracleous and Joachen Wirtz, "Singapore Airlines' Balancing Act," Harvard Business Review, July–August 2010, 145–149; James Wallace, "Singapore Airlines Raises the Bar for Luxury Flying," www.seattlepi.com, 16 January 2007. For some seminal writings in the area, see Hamish Pringle and William Gordon, Brand Manners: How to Create the Self-Confident Organization to Live the Brand (New York: John Wiley & Sons, 2001); Thomas Gad, 4-D Branding: Cracking the

Corporate Code of the Network Economy (London: Financial Times Prentice Hall, 2000); Nicholas Ind, Living the Brand: How to Transform Every Member of Your Organization into a Brand Champion, 2nd ed. (London, UK: Kogan Page, 2004); Scott M. Davis and Kenneth Dunn, Building the Brand-Driven Business: Operationalize Your Brand to Drive Profitable Growth (San Francisco: Jossey-Bass, 2002); Mary Jo Hatch and Make Schultz, Taking Brand Initiative: How Companies Can Align Strategy, Culture, and Identity Through Corporate Branding (San Francisco, CA: Jossey-Bass, 2008); Andy Bird and Mhairi McEwan, The Growth Drivers: The Definitive Guide to Transforming Marketing Capabilities (West Sussex, UK: John Wiley & Sons, 2012).

mantra can each take on multiple meanings, leading Disney to drill deeper to provide a stronger foundation for the mantra. Two or three short phrases were therefore added later to clarify each of the three words.

REVIEW

Customer-based brand equity is the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer-based brand equity when customers react more favorably to a product and the way it is marketed when the brand is identified than when it is not.

We can define brand knowledge in terms of an associative network memory model, as a network of nodes and links wherein the brand node in memory has a variety of associations linked to it. We can characterize brand knowledge in terms of two components: brand awareness and brand image. Brand awareness is related to the strength of the brand node or trace in memory, as reflected by consumers'

ability to recall or recognize the brand under different conditions. It has both depth and breadth. The depth of brand awareness measures the likelihood that consumers can recognize or recall the brand. The breadth of brand awareness measures the variety of purchase and consumption situations in which the brand comes to mind. Brand image is consumer perceptions of a brand as reflected by the brand associations held in consumers' memory.

Customer-based brand equity occurs when the consumer has a high level of awareness and famil- iarity with the brand and holds some strong, favorable, and unique brand associations in memory. In some cases, brand awareness alone is sufficient to result in more favorable consumer response—for example, in low-involvement decision settings where consumers are willing to base their choices merely on familiar brands. In other cases, the strength, favorability, and uniqueness of the brand associations play a critical role in determining the differential response making up the brand equity.

Deciding on a positioning requires determining a frame of reference (by identifying the target market and the nature of competition), the optimal points-of-parity and points-of-difference brand associations, and an overall brand mantra as a summary. First, marketers need to understand con- sumer behavior and the consideration sets that consumers adopt in making brand choices. After establishing this frame of reference, they can then turn to identifying the best possible points-of-parity and points-of-difference.

Points-of-difference are those associations that are unique to the brand, strongly held, and favor- ably evaluated by consumers. Marketers should find points-of-difference associations that

are strong, favorable, and unique based on desirability, deliverability, and differentiation considerations, as well as the resulting anticipated levels of sales and costs that might be expected with achieving those points-of-difference.
Points-of-parity, on the other hand, are those associations that are not necessarily unique to the brand but may in fact be shared with other brands. Category points-of-parity associations are necessary to being a legitimate and credible product offering within a certain category. Competitive points-of- parity associations negate competitors' points-of-differences. Correlational points-of-parity negate any possible disadvantages or negatives that might also arise from a point-of-difference.
Finally, a brand mantra is an articulation of the "heart and soul" of the brand, a three- to five-word phrase that captures the irrefutable essence or spirit of the brand positioning and brand values. Its pur- pose is to ensure that all employees and all external marketing partners understand what the brand is, most fundamentally, in order to represent it with consumers. The choice of these four ingredients determines the brand positioning and the desired brand knowl- edge structures.

DISCUSSION QUESTIONS

1. Apply the categorization model to a product category other than beverages. How do consumers make decisions whether or not to buy the product, and how do they arrive at their final brand deci- sion? What are the implications for brand equity management for the brands in the category? How does it affect positioning, for example?
2. Pick a category basically dominated by two main brands. Evaluate the positioning of each brand. Who are their target markets? What are their main points-of-parity and points-of-difference? Have they defined their positioning correctly? How might it be improved?
3. Consider a book store in your area. What competitive frames of reference does it face? What are the implications of those frames of reference for its positioning?
4. Can you think of any negatively correlated attributes and benefits other than those listed in Fig- ure 2-6? Can you think of any other strategies to deal with negatively correlated attributes and benefits?
5. What do you think of Naomi Klein's positions as espoused in No Logos? How would you re- spond to her propositions? Do you agree or disagree about her beliefs on the growth of corporate power?

BRAND FOCUS 2.0

The Marketing Advantages of Strong Brands

Customer-based brand equity occurs when consumer re- sponse to marketing activity differs when consumers know the brand and when they do not. How that response differs will depend on the level of brand awareness and how favorably and uniquely consumers evaluate brand associations, as well as the particular marketing activity under consideration.
A number of benefits can result from a strong brand, both in terms of greater revenue and lower costs.56 For example, one marketing expert categorizes the factors creating finan- cial value for strong brands into two categories: factors related to growth (a brand's ability to attract new customers, resist competitive activity, introduce line extensions, and cross inter- national

borders) and factors related to profitability (brand loy- alty, premium pricing, lower price elasticity, lower advertising/ sales ratios, and trade leverage).57

This appendix considers in detail some of the benefits to the firm of having brands with a high level of awareness and a positive brand image.58

Greater Loyalty and Less Vulnerability
to Competitive Marketing Actions and Crises

Research shows that different types of brand associations— if favorable—can affect consumer product evaluations, per- ceptions of quality, and purchase rates.59 This influence may be especially apparent with difficult-to-assess "experi- ence" goods60 and as the uniqueness of brand associations increases.61 In addition, familiarity with a brand has been shown to increase consumer confidence, attitude toward the brand, and purchase intention,62 and to mitigate the negative impact of a poor trial experience.63

For these and other reasons, one characteristic of brands with a great deal of equity is that consumers feel great loyalty to them. Some top brands have been market leaders for years despite significant changes in both consumer attitudes and com- petitive activity over time. Through it all, consumers have valued these brands enough to stick with them and reject the overtures of competitors, creating a steady stream of revenues for the firm. Research also shows that brands with large market shares are more likely to have more loyal customers than brands with small market shares, a phenomenon called double jeopardy.64 One study found that brand equity was strongly correlated (.75) with subsequent market share and profitability.65

A brand with a positive brand image also is more likely to successfully weather a brand crisis or downturn in the brand's fortunes.66 Perhaps the most compelling example is Johnson & Johnson's (J&J) Tylenol brand. Brand Focus 11.0 describes how J&J contended with a tragic product-tampering episode in the early 1980s. Despite seeing its market share drop from 37 percent to almost zero overnight and fearing Tylenol would be
written off as a brand with no future, J&J was able to regain virtually all lost market share for the brand through its skillful handling of the crisis and a good deal of brand equity.

The lesson is that effective handling of a marketing crisis requires swift and sincere action, an immediate admission that something has gone wrong, and assurance that an effective remedy will be put in place. The greater the brand equity, the more likely that these statements will be credible enough to keep customers understanding and patient as the firm sets out to solve the crisis. Without some underlying brand equity, however, even the best-laid plans for recovery may fall short with a suspicious or uninformed public.67 Finally, even absent a crisis, a strong brand offers protection in a marketing down- turn or when the brand's fortunes fall.

Larger Margins

Brands with positive customer-based brand equity can com- mand a price premium.68 Moreover, consumers should also have a fairly inelastic response to price increases and elastic responses to price decreases or discounts for the brand over time.69 Consistent with this reasoning, research has shown that consumers loyal to a brand are less likely to switch in the face of price increases and more likely to increase the quantity of the brand purchased in the face of price decreases.70 In a com- petitive sense, brand leaders draw a disproportionate amount of share from smaller-share competitors.71 At the same time, market leaders are relatively immune to price competition from these small-share brands.72

In a classic early study, Intelliquest explored the role of brand name and price in the decision purchase of business computer buyers.73 Survey respondents were asked, “What is the incremental dollar value you would be willing to pay over a ‘no-name’ clone computer brand?” IBM commanded the greatest price premium, followed by Compaq and Hewlett- Packard. Some brands had negative brand equity; they actu- ally received negative numbers. Clearly, according to this study, brands had specific meaning in the personal computer market that consumers valued and were willing to pay for.

Greater Trade Cooperation and Support

Wholesalers, retailers, and other middlemen in the distribution channel play an important role in the selling of many products. Their activities can thus facilitate or inhibit the success of the brand. If a brand has a positive image, retailers and other mid- dlemen are more likely to respond to the wishes of consumers and actively promote and sell the brand.74 Channel members are also less likely to require any marketing push from the manufac- turer and will be more receptive to manufacturers’ suggestions to stock, reorder, and display the brand,75 as well as to pass through

trade promotions, demand smaller slotting allowances, give more favorable shelf space or position, and so on. Given that many consumer decisions are made in the store, the possibility of additional marketing push by retailers is important.

Increased Marketing Communication Effectiveness

A host of advertising and communication benefits may result from creating awareness of and a positive image for a brand. One well-established view of consumer response to market- ing communications is the hierarchy of effects models. These models assume that consumers move through a series of stages or mental states on the basis of marketing communi- cations—for example, exposure to, attention to, comprehen- sion of, yielding to, retention of, and behaving on the basis of a marketing communication.

A brand with a great deal of equity already has created some knowledge structures in consumers’ minds, increas- ing the likelihood that consumers will pass through various stages of the hierarchy. For example, consider the effects of a positive brand image on the persuasive ability of advertising: Consumers may be more likely to notice an ad, may more easily learn about the brand and form favorable opinions, and may retain and act on these beliefs over time. Familiar, well-liked brands are less susceptible to “inter- ference” and confusion from competitive ads,76 are more re- sponsive to creative strategies such as humor appeals,77 and are less vulnerable to negative reactions due to concentrated repetition schedules.78 In addition, panel diary members who were highly loyal to a brand increased purchases when adver- tising for the brand increased.79 Other advantages associated with more advertising include increased likelihood of being the focus of attention and increased “brand interest.”80 Because strong brand associations exist, lower levels of repetition may be necessary. For example, in a classic study of advertising weights, Anheuser-Busch ran a carefully con- ducted field experiment in which it varied the amount of Bud- weiser advertising shown to consumers in different matched test markets.81 Seven different advertising expenditure levels were tested, representing increases and decreases from the previous advertising expenditure levels: minus

100 percent (no advertising), minus 50 percent, 0 percent (same level), plus 50 percent, plus 100 percent (double the level of ad- vertising), plus 150 percent, and plus 200 percent. These ex- penditure levels were run for one year and revealed that the “no advertising” level resulted in the same amount of sales as the current program. In fact, the 50 percent cut in advertising expenditures actually resulted in an increase in sales, consis- tent with the notion that strong brands such as Budweiser do not require the same advertising levels, at least over a short period of time, as a less well-known or well-liked brand.82

Similarly, because of existing brand knowledge struc- tures, consumers may be more likely to notice sales promo- tions, direct mail offerings, or other sales-oriented marketing communications and respond favorably. For example, several studies have shown that promotion effectiveness is asymmet- ric in favor of a higher-quality brand.83

Possible Licensing and Brand Extension Opportunities

A strong brand often has associations that may be desirable in other product categories. To capitalize on this value, as dis- cussed in Chapter 7, a firm may choose to license its name, logo, or other trademark item to another company for use on its products and merchandise. The rationale for the licensee (the company obtaining the rights to use the trademark) is that consumers will pay more for a product because of the recognition and image lent by the trademark. One market- ing research study showed that consumers would pay $60 for cookware licensed under the Julia Child name as opposed to only $40 for identical cookware bearing the Sears name.84

As will be outlined in Chapter 11, a brand extension occurs when a firm uses an established brand name to enter a new market. A line extension uses a current brand name to enter a new market segment in the existing product class, say with new varieties, new flavors, or new sizes. Academic research has shown that well-known and well-regarded brands can extend more successfully and into more diverse categories than other brands.85 In addition, the amount of brand equity has been shown to be correlated with the highest- or lowest-quality member in the prod- uct line for vertical product extensions.86 Research has also shown that positive symbolic associations may be the basis of these evaluations, even if overall brand attitude itself is not necessarily high.87

Brands with varied product category associations through past extensions have been shown to be especially extend- able.88 As a result, introductory marketing programs for ex- tensions from an established brand may be more efficient than others.89 Several studies have indicated that extension activity has aided (or at least did not dilute) brand equity for the parent brand. For instance, brand extensions strength- ened parent brand associations, and “flagship brands” were highly resistant to dilution or other potential negative effects caused by negative experiences with an extension.90Research has also found evidence of an ownership effect, whereby current owners generally had more favorable responses to brand line extensions.91 Finally, extensions of brands that have both high familiarity and positive attitudes have been shown to receive higher initial stock market reactions than other brands.92

Other Benefits

Brands with positive customer-based brand equity may provide other advantages to the firm not directly related to the prod- ucts themselves, such as helping the firm to attract or motivate better employees, generate greater interest from investors, and garner more support from shareholders.[93] In terms of the lat- ter, several research studies have shown that brand equity can be directly related to corporate stock price.[94]