Leveraging Secondary Brand Associations to Build Brand Equity

Learning Objectives

After reading this chapter, you should be able to

1. Outline the eight main ways to leverage secondary associations.
2. Explain the process by which a brand can leverage secondary associations.
3. Describe some of the key tactical issues in leveraging secondary associations from different entities.

If Salomon decided to extend from skis to tennis racquets, there are a number of different ways it could leverage secondary brand associations.

Source: Karl Mathis/EPA/Newscom

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Preview

The preceding chapters described how we can build brand equity through the choice of brand elements (Chapter 4) or through marketing program activities and product, price, distribution, and marketing com- munication strategies (Chapters 5 and 6). This chapter considers the third means of building brand eq- uity—namely, through the leverage of related or secondary brand associations.

Brands themselves may be linked to other entities that have their own knowledge structures in the minds of consumers. Because of these linkages, consumers may assume or infer that some of the associ- ations or responses that characterize the other entities may also be true for the brand. In effect, the brand "borrows" some brand knowledge and, depending on the nature of those associations and responses, perhaps some brand equity from other entities.

This indirect approach to building brand equity is leveraging secondary brand associations for the brand. Secondary brand associations may be quite important to creating strong, favorable, and unique as- sociations or positive responses if existing brand associations or responses are deficient in some way. It can also be an effective way to reinforce existing associations and responses in a fresh and different way.

This chapter considers the different means by which we can leverage secondary brand associations by linking the brand to the following (see Figure 7-1 for a fuller depiction):

1. Companies (through branding strategies)
2. Countries or other geographic areas (through identification of product origin)
3. Channels of distribution (through channel strategy)
4. Other brands (through co-branding)
5. Characters (through licensing)
6. Spokespersons (through endorsements)
7. Events (through sponsorship)
8. Other third-party sources (through awards or reviews)

The first three entities reflect source factors: who makes the product, where the product is made, and where it is purchased. The remaining entities deal with related people, places, or things.

Ingredients

Company
Alliances
Other Brands
Employees
Endorsers
People
Events
Extensions
Places
Country of origin
Brand
Channels
Things
Causes
FIGURE 7-1 Secondary Sources of Brand Knowledge
Third-party endorsements

As an example, suppose that Salomon—makers of alpine and cross-country ski bindings, ski boots, and skis—decided to introduce a new tennis racquet called "the Avenger." Although Salomon has been selling safety bindings for skis since 1947, much of its growth was fueled by its diversification into ski boots and the introduction of a revolutionary new type of ski called the Monocoque in 1990. Salomon's innovative, stylish, and top-quality products have led to strong leadership positions.

In creating the marketing program to support the new Avenger tennis racquet, Salomon could at- tempt to leverage secondary brand associations in a number of different ways.

- Salomon could leverage associations to the corporate brand by sub-branding the product—for example, by calling it "Avenger by Salomon." Consumers' evaluations of the new product exten- sion would be influenced by the extent to which they held favorable associations about Salomon as a company or brand because of its skiing products, and how strongly they felt that such knowl- edge could predict the quality of a Salomon tennis racquet.
- Salomon could try to rely on its European origins (it is headquartered near Lake Annecy at the foot of the Alps), although such a location would not seem to have much relevance to tennis.
- Salomon could also try to sell through upscale, professional tennis shops and clubs in hopes that these retailers' credibility would rub off on the Avenger brand.
- Salomon could attempt to co-brand by identifying a strong ingredient brand for its grip, frame, or strings (as Wilson did by incorporating Goodyear tire rubber on the soles of its ProStaff Classic tennis shoes).
- Although it is doubtful that a licensed character could be effectively leveraged, Salomon obviously could attempt to find one or more top professional players to endorse the racquet or could choose to become a sponsor of tennis tournaments, or even the entire professional ATP men's or WTA women's tennis tour.

• Salomon could attempt to secure and publicize favorable ratings from third parties like Tennis magazine.

Thus, independent of the associations created by the racquet itself, its brand name, or any other aspects of the marketing program, Salomon may be able to build equity by linking the brand to other entities in various ways.

This chapter first considers the nature of brand knowledge that marketers can leverage or transfer from other entities, and the process for doing it. We then consider in detail each of the eight different means of leveraging secondary brand associations. The chapter concludes by considering the special topic of Olympic sponsorship in Brand Focus 7.0.

CONCEPTUALIZING THE LEVERAGING PROCESS

Linking the brand to some other entity—some source factor or related person, place, or thing—may create a new set of associations from the brand to the entity, as well as affecting existing brand associa- tions. Let's look at both these outcomes.1

Creation of New Brand Associations

By making a connection between the brand and another entity, consumers may form a mental associa- tion from the brand to this other entity and, consequently, to any or all associations, judgments, feelings, and the like linked to that entity. In general, these secondary brand associations are most likely to affect evaluations of a new product when consumers lack either the motivation or the ability to judge product- related concerns. In other words, when consumers either don't care much about or don't feel that they possess the knowledge to choose the appropriate brand, they may be more likely to make brand deci- sions on the basis of secondary considerations such as what they think, feel, or know about the country from which the product came, the store in which it is sold, or some other characteristic.

Effects on Existing Brand Knowledge

Linking the brand to some other entity may not only create new brand associations to the entity but also affect existing brand associations. The basic mechanism is this. Consumers have some knowledge of an

entity. When a brand is identified as linked to that entity, consumers may infer that some of the particular associations, judgments, or feelings that characterize the entity may also characterize the brand. A number of different theoretical mechanisms from psychology predict this type of inference. One is "cognitive con- sistency"—in other words, in the minds of consumers, what is true for the entity, must be true for the brand.2

To describe the process more formally, here are three important factors in predicting the extent of leverage from linking the brand to another entity:

1. Awareness and knowledge of the entity: If consumers have no awareness or knowledge of the sec- ondary entity, then obviously there is nothing they can transfer from it. Ideally, consumers would be aware of the entity; hold some strong, favorable, and perhaps even unique associations about it; and have positive judgments and feelings about it.
2. Meaningfulness of the knowledge of the entity: Given that the entity evokes some positive associa- tions, judgments, or feelings, is this knowledge relevant and meaningful for the brand? The mean- ingfulness may vary depending on the brand and product context. Some

associations, judgments, or feelings may seem relevant to and valuable for the brand, whereas others may seem to consumers to have little connection.

3. Transferability of the knowledge of the entity: Assuming that some potentially useful and meaning- ful associations, judgments, or feelings exist regarding the entity and could possibly transfer to the brand, how strongly will this knowledge actually become linked to the brand?

In other words, the basic questions we want to answer about transferring secondary knowledge from an- other entity are: What do consumers know about the other entity? and, Does any of this knowledge affect what they think about the brand when it becomes linked or associated in some fashion with this other entity?

Theoretically, consumers can infer any aspect of knowledge from other entities to the brand (see Figure 7-2), although some types of entities are more likely to inherently create or affect certain kinds of brand knowledge than others. For example, events may be especially conducive to the creation of experiences; peo- ple may be especially effective for the elicitation of feelings; other brands may be especially well suited for establishing particular attributes and benefits; and so on. At the same time, any one entity may be associated with multiple dimensions of knowledge, each of which may affect brand knowledge directly or indirectly.

For example, consider the effects on knowledge of linking the brand to a cause, like Avon’s Breast Cancer Crusade. A cause marketing program could build brand awareness via recall and recognition; en- hance brand image in terms of attributes such as brand personality or user imagery like kind and generous; evoke brand feelings like social approval and self-respect; establish brand attitudes such as trustworthy and likable; and create experiences through a sense of community and participation in cause-related activities.

Awareness Attributes Benefits Images Thoughts Feelings Attitudes Experiences

Awareness Attributes Benefits Images Thoughts Feelings Attitudes Experiences

T R A N S F E R

Brand

Other Entity

FIGURE 7-2 Understanding Transfer of Brand Knowledge

Judgments or feelings may transfer more readily than more specific associations, which are likely to seem irrelevant or be too strongly linked to the original entity to transfer. As we’ll see in Chapter 12, the inferencing process depends largely on the strength of the linkage or connection in consumers’ minds between the brand and the other entity. The more consumers see similarity between the entity and the brand, the more likely they will infer similar knowledge about the brand.

Guidelines

Leveraging secondary brand associations may allow marketers to create or reinforce an important point-of-difference or a necessary or competitive point-of-parity versus competitors. When choosing to emphasize source factors or a particular person, place, or thing, marketers should take into account consumers’ awareness of that entity, as well as how the associations, judgments, or feelings for it might become linked to the brand or affect existing brand associations.

Marketers can choose entities for which consumers have some or even a great deal of similar asso- ciations. A commonality leveraging strategy makes sense when consumers have associations to another entity that are congruent with desired brand associations. For example, consider a country such as New Zealand, which is known for having more sheep than people. A New Zealand sweater manufacturer that positioned its product on the basis of its "New Zealand wool" presumably could more easily establish strong and favorable brand associations because New Zealand may already mean "wool" to many people.

On the other hand, there may be times when entities are chosen that represent a departure for the brand because there are few if any common or similar associations. Such complementarity branding strategies can be strategically critical in terms of delivering the desired position. The marketer's chal- lenge here is to ensure that the less congruent knowledge for the entity has either a direct or an indirect effect on existing brand knowledge. This may require skillfully designed marketing programs that over- come initial consumer confusion or skepticism. For example, when Buick signed Tiger Woods as an endorser, many questioned whether consumers would find a fit or consistency between the golfer and the car maker, and, if not, how much value the endorsement would add to the Buick brand.

Even if consumers buy into the association one way or another, leveraging secondary brand as- sociations may be risky because the marketer gives up some control of the brand image. The source factors or related person, place, or thing will undoubtedly have a host of other associations, of which only some smaller set will be of interest to the marketer. Managing the transfer process so that only the relevant secondary knowledge becomes linked to the brand may be difficult. Moreover, this knowledge may change over time as consumers learn more about the entity, and these new associations, judgments, or feelings may or may not be advantageous for the brand.

The following sections consider some of the main ways by which we can link secondary brand as- sociations to the brand.

COMPANY

Branding strategies are an important determinant of the strength of association from the brand to the company and any other existing brands. Three main branding options exist for a new product:

1. Create a new brand.
2. Adopt or modify an existing brand.
3. Combine an existing and a new brand.

Existing brands may be related to the corporate brand, say Samsung, or a specific product brand like Samsung Galaxy S 4G mobile phone. If the brand is linked to an existing brand, as with op- tions 2 and 3, then knowledge about the existing brand may also become linked to the brand.

In particular, a corporate or family brand can be a source of much brand equity. For example, a corporate brand may evoke associations of common product attributes, benefits, or attitudes; people and relationships; programs and values; and corporate credibility. Branding Brief 7-1 describes about ITC Rural Education in Choupal areas.

 BRANDING BRIEF 7-1

ITC's Triple Bottom Line Contribution

Towards Building Economic and Environmental Capital for the Nation

ITC is inspired by the opportunity to make a meaningful dif- ference through its contribution to the national economy. The company's sustainability initiatives draw strength from its deep conviction that businesses can, and must contribute to a larger societal purpose by fashioning corporate strategies that simultaneously build economic, environmental, and social capital for the nation.

This focus on creating larger societal value has enabled ITC's businesses and value chains to generate sustainable live- lihood opportunities for around six million people, many of whom represent the weakest sections of society. In addition, its commitment to contribute to climate change mitigation and to the creation of natural capital has led to a symphony of efforts, making ITC the only enterprise in the world of compara- ble dimensions to have achieved and sustained the three global environmental distinctions of being water positive (for 12 years), carbon positive (for 9 years), and solid waste recycling positive (for 7 years). Total shareholder returns over the last 17 years has grown at a compound annual growth rate of nearly 26 percent. These exemplary achievements have strengthened the company's belief that it is possible to create and enhance shareholder value by also serving society through a commit- ment well beyond the market.

The Context—Global Sustainability Challenges

The predominance of the global market economy and the growth of capitalism have led to significant progress and cre- ation of wealth. However, in its wake, it has also contributed to some of the most serious challenges facing mankind today. Two major challenges threaten to make economic growth and progress unsustainable.

The first arises from the growing inequities in income dis- tribution and wealth. A UNDP Report published a few years ago state that 10 percent of the richest adults in the world own 85 percent of the world's household wealth, while the bottom 50 percent of adult population have just a percent of the total household wealth. The consequent discontent among millions has led to a serious form of social alienation, and at the extreme, fuelled terrorism and widespread insecu- rity. Half of the world's population today live on less than $2 per day on the basis of people living at less than $1.25 per day. The World Bank's "international poverty line" identified that over 46 percent of India live below this level.

In addition, these growing numbers will put considerable pressure on environmental resources. This leads to the second challenge faced by mankind today—the threat of global warm-

ITC e-Choupal Initiative

ing and environmental degradation. Since the Industrial Rev- olution, the world has adopted a model of industrial growth that has not paid adequate attention to natural resource use and augmentation. As a result, the debilitating impact on air, water, soil, and bio-diversity not only threaten the present but also the socio-economic security of future generations.

Role of Business

While global challenges of this dimension can be met only by all sections of society joining and aligning forces, businesses can certainly make an invaluable contribution. Corporate houses can make a more meaningful difference to societal de- velopment and sustainable growth by significantly redefining the role of business.

ITC believes that the best way forward for business is to redefine its value proposition by focusing on its contribution to the Triple Bottom Line objectives of building economic, environmental, and social capital. This requires innovation and a concerted strategy to move from a one-dimensional objective of only enhancing shareholder value to a more comprehensive goal of creating social and natural capital.

As Mr Y. C. Deveshwar, Chairman, ITC, emphasises, “Cor- porates, on their part, are uniquely placed to play a construc- tive role in this process. Positioned, as they are, in the frontline of engagement with civil society, corporates have the where- withal, including the more crucial managerial resources, to deliver social projects efficiently at a lower incremental cost.” ITC’s own experience bears this out. Inspired by the oppor- tunity to contribute to a more secure and sustainable future,

Image source: ITC

it has structured innovative business models that leverage its brands, technological capability, agri-sourcing strengths and an unmatched trade distribution network to create unique opportunities for sustainable livelihoods.

ITC’s Initiatives

ITC has crafted unique models that synergise long-term share- holder value creation with enhancing societal and environ- mental capital. This approach manifests itself through globally acknowledged initiatives, such as ITC’s e-Choupal programme, that is today the world’s largest rural digital infrastructure.

Given the complexity of challenges in Indian agriculture, the integrated initiatives under the ITC-Choupal Rural Development Programme provide a 360-degree intervention to empower farmers and raise rural incomes. Farmers are provided with criti- cal information and relevant knowledge on farm productivity, prices, and markets through the ITC e-Choupal to enlarge their choices. This platform also enables access to quality inputs for better productivity besides expanding the reach to markets. Ini- tiatives, such as Livestock Development and Women Empower- ment, create avenues for supplementary non-farm incomes to protect against agri-income volatility as well as build capacities for investment. Watershed Development as well as Afforesta- tion Programmes augments natural resources to enable higher productivity, create a green cover and restore soil health. Taken together, the ITC-Choupal programmes have had a transforma- tional impact in many areas of rural India.

One of these initiatives is discussed in brief detail below :

ITC e-Choupal initiative

ITC’s e-Choupal initiative is a powerful illustration of a unique model that delivers large societal value by co-creating rural mar- kets with local communities. The e-Choupal digital infrastructure enables even small and marginal farmers in rural Indian who are delinked from the formal markets to access relevant knowledge, market prices, weather information, and quality in- puts to enhance farm productivity, quality, and command better prices, thus making them more competitive in the national and global markets. In addition, customised agri-extension services and farmer training schools—through a focussed programme- Choupal Pradarshan Khet—enables farmers to access best practices in agriculture and improve productivity. The human and digital infrastructure of the e-Choupal network is comple- mented with physical infrastructure in the form of Integrated Rural Service Hubs called Choupal Saagars, which offer multi- ple services under one roof. These include services, such as pro- curement and storage, a store-front for agricultural equipment and personal consumption products, pharmacy, agri-extension clinics, fuel stations, and so on.

The e-Choupal initiative has become a fulfillment chan- nel for a two-way flow of goods and services and raised rural incomes. As a company, ITC has not only gained from efficient sourcing and identity preserved procurement, which add value to its packaged foods business, but in the process have also created an inclusive model of empowering small and marginal farmers by giving them the power of digital connectivity and access to markets. Farmers are free to sell their produce to whomsoever they wish and are not contracted to sell to ITC. The e-Choupal has empowered over four million farmers in 40,000 villages. It is a case study at Harvard Business School, has won several global awards, finds a mention in the World Development Report of the World Bank in 2008, and Govern- ment of India’s Economic Survey 2007 and 2014.

In conclusion, ITC believes that the need of the hour today is to encourage innovation in corporate strategies and business models that will enable companies to collaborate with local communities to create opportunities for sustainable livelihoods, as well as enrichment of natural capital create, with local com- munities. At the same time, society—including customers, in- vestors, and other sections of civil society—need to be made more aware of the tremendous change they can bring about by exercising a preference for responsible companies. These steps, among others, will create a foundation to support a sustainable economy for future generations and a secure planet that will continue to nurture and nourish the billions of its inhabitants.

Source: ITC

Leveraging a corporate brand may not always be useful, however. In fact, in some cases, large companies have deliberately introduced new brands or bought successful niche brands in an attempt to convey a “smaller” image. Examples of the latter strategy—that might even surprise their existing customers!—include Ben and Jerry’s (Unilever), Kashi (Kellogg’s), Odwalla (Coca-Cola), and Tom’s of Maine (Colgate-Palmolive). Clorox paid almost $1 billion for Burt’s Bees—famous for beeswax lip balm, lotions, soaps and shampoos—in part because of the market opportunity, but also to better learn about best practices for environmental sustainability, an emerging corporate priority.3 Anheuser-Busch acquired the successful Midwest craft beer Goose Island in part to better compete with rival MillerCo- ors’s highly successful Blue Moon brand.4

KINGFISHER BEER

Kingfisher, “The King of Good Times”, is India’s most recognized and widely available beer. Its name has been associated with sports, fash- ion, and even an airline. Today, each one of the 32,000 beer outlets in India sells one brand or the other from United Breweries. The UB Group is now partly owned by Heineken.

Kingfisher beer is one of the best-positioned brands of beer in India, catering to various segments with multiple offerings. King- fisher Strong, containing around 8 percent alcohol, is fast growing in popularity and has more flavor than the regular Kingfisher Premium, which has 4.8 percent alcohol. Another variation is Kingfisher Blue, marketed at the young and trendy. This is also a strong beer with around 8 percent alcohol, but it has a very light and watery taste. Distinctive and full-bodied Kingfisher Ultra, made from imported in- gredients, is the newest label to hit the market.

Kingfisher embodies excitement and youth, like the colours of the bird represent youthfulness, energy, enthusiasm, and freedom with a touch of formality. Being an alcohol brand, the company cannot resort to direct advertising and, hence, uses sur- rogate advertising for its products. It advertises its brand through promotion of bottled water with the same name, the Kingfisher calendar, sponsorship of events, and tie-ups with pubs, lounges, and retailers. Kingfisher sponsors the Indian Derby in Mumbai, the most popular racing event in India. Outdoor hoardings in places like Goa are also large contributors to the company's promotional efforts.

The company is competing head-on with other international major brands like Carlsberg, Fosters, with world-class distribution and promotion. The company has also made a worthy effort to evolve the brand so as to match international standards.

King of Good Times

Sources: http://unitedbreweries.com/history.aspx, accessed on 20 August 2014; http://www.slideshare.net/SubhojitSaha/ kingfisher-beer-12312745, accessed on 20 August 2014; http://goindia.about.com/od/nightlife/tp/top-indian-beers.html, accessed on 2 August 2014.

Finally, brands and companies are often unavoidably linked to the category and industry in which they compete, sometimes with adverse consequences. Some industries are characterized by fairly di- vided opinions, but consider the challenges faced by brands in the oil and gas or financial services industry which consumers have generally viewed in a negative light.5 By virtue of membership in the category in which it competes, an oil company may expect to face a potentially suspicious or skeptical public regardless of what it does.

Chapters 11 and 12 describe in detail how marketers can leverage the equity of existing brands to launch their new products.

COUNTRY OF ORIGIN AND OTHER GEOGRAPHIC AREAS

Besides the company that makes the product, the country or geographic location from which it origi- nates may also become linked to the brand and generate secondary associations.6 Many countries have become known for expertise in certain product categories or for conveying a particular type of image.

Image source: United Breweries

Levi's jeans—United States Chanel perfume—France Foster's beer—Australia Barilla pasta—Italy BMW—Germany

Dewar's whiskey—Scotland Kikkoman soy sauce—Japan Cadbury—England

Gucci shoes and purses—Italy Mont Blanc pens—Switzerland

The world is becoming a "cultural bazaar" where consumers can pick and choose brands originat- ing in different countries, based on their beliefs about the quality of certain types of products from certain countries or the image that these brands or products communicate.7

Thus, a consumer from any- where in the world may choose to wear Italian suits, exercise in U.S. athletic shoes, listen to a Japanese or Korean MP3 player, drive a German car, or drink English ale.

Choosing brands with strong national ties may reflect a deliberate decision to maximize product utility and communicate self-image, based on what consumers believe about products from those coun- tries. A number of brands are able to create a strong point-of-difference, in part because of consumers' identification of and beliefs about the country of origin. For example, consider the following strongly linked brands and countries:

Other geographic associations besides country of origin are possible, such as states, regions, and cities. Three classic U.S. tourism slogans, "I Love New York," "Virginia Is for Lovers," and Las Vegas's "What Happens Here, Stays Here," are for these more specific types of locales.

Marketers can establish a geographic or country-of-origin association in different ways. They can embed the location in the brand name, such as Idaho potatoes, Irish Spring soap, or South African Airways, or combine it with a brand name in some way as in Bailey's Irish Cream. Or they can make the location the dominant theme in brand advertising, as has been the case for Coors with Foster's beer.

Puerto Rico rum makers have leveraged their geographical roots to establish a dominant market position.

Source: Donald Bowers/ Getty Images

Some countries have even created advertising campaigns to promote their products. For example, "Rums of Puerto Rico" advertise that they are the finest-quality rums, leading to a 70 percent share of U.S. brand sales.8 Other countries have developed and advertised labels or seals for their products.9 Branding Brief 7-2 emphasizes how place branding has been used in India for economic development of specific states and locales through tourism.

Because it's typically a legal necessity for the country of origin to appear somewhere on the product or package, associations to the country of origin almost always have the potential to be created at the point of purchase and to affect brand decisions there. The question really is one of relative emphasis, and the role of country of origin or other geographic regions throughout the mar- keting program. Becoming strongly linked to a country of origin or specific geographic region is not without potential disadvantages. Events or actions associated with the country may color people's perceptions.10

BRAND AMERICA

The turn of the century and George W. Bush's presidency coincided with sharp drop in the image of the United States in the eyes of the world's citizens. A comprehensive analysis by Pew Research Center in 2008 concluded:11

The U.S. image abroad is suffering almost everywhere. Particularly in the most economically developed countries, people blame America for the financial crisis. Opposition to key elements of American foreign policy is widespread in Western Europe, and positive views of the U.S. have declined steeply among many of America's longtime European allies. In Muslim nations, the wars in Afghanistan and particularly Iraq have driven negative ratings nearly off the charts. The

United States earns positive ratings in several Asian and Latin American nations, but usually by declining margins.

One BBC-commissioned poll of 26,000 respondents in the 25 largest countries in 2007 found that roughly half thought the United States had a “mostly negative” influence on the world. A global economic recession, un- popular wars, and disagreements on various social and environmental policies took their toll. Although few global U.S. companies experienced the same erosion in reputation—many people seemed willing to compartmentalize politics and commerce—restoring U.S. image became a popular theme with the election of Barack Obama in 2008. Recognizing the importance of tourism to the U.S. economy—one in nine U.S. jobs is in a travel or tourism- related sector—the U.S. Travel Association has been aggressively marketing visits to the United States to the international travel industry.12

Finally, consider the favorability of a country-of-origin association from both a domestic and a foreign perspective. In the domestic market, country-of-origin perceptions may stir consum- ers' patriotic notions or remind them of their past. As international trade grows, consumers may view certain brands as symbolically important of their own cultural heritage and identity. Some research found that domestic brands were more strongly favored in collectivistic countries such as Japan and other Asian countries that have strong group norms and ties to family and coun- try. In individualistic societies such as the United States and other Western countries that are more guided by self-interest and personal goals, consumers demand stronger evidence of product superiority.13

Patriotic appeals have been the basis of marketing strategies all over the world. However, they can lack uniqueness and even be overused. For example, during the Reagan administration in the 1980s, a number of different U.S. brands in a diverse range of product categories including cars, beer, and cloth- ing used pro-U.S. themes in their advertising, perhaps diluting the efforts of all as a result. In recent years, the debate over outsourcing and offshoring and, tragically, the events of September 11, 2001, raised the visibility of patriotic appeals once again.

 BRANDING BRIEF 7-2

Place Branding

Marketers have used classical brand management tech- niques to brand specific places, including states and countries to promote economic well-being of a particular place. Culture, scenic beauty, quality of life and living, and other facets of a particular location can be used to create a vivid image and brand a particular location. Place branding can also be used to uplift the economic conditions of a particular location or state based on its natural endowment, such as natural re- sources, locational advantages like climate, availability of skilled labor, free trade zone that would be beneficial to industries and companies setting up their production, distri- bution, and other facilities. Therefore, some of the states in India have used place branding to further its economic devel- opment, generate tourist traffic, and encourage production of goods and services in the particular location.

One of the important elements that go into economic development is a strong place brand. However, quite a few of these branding ventures have resulted in horror stories if the locational advantage carried forward in the branding ac- tivity was not fulfilled for one or more reasons. The important requirement for a place brand unlike that of a product or service is that it serves different stakeholders and target au- diences. A strong place brand must be able to cater to tour- ism, business development of the specific area, and other target-specific objectives. It must therefore accommodate the needs and requirements of different target segments and be able to communicate a number of ideas to them in a unified manner. It must avoid being all things to all people. A delicate balance needs to be built into the brand- ing ideas as to how a place branding programme should be developed.

Some of the means through which marketers have suc- ceeded in developing a strong place brand are :

1. Being different from the competitors. For instance, in order to create economic development the place brand should emphasize on locations and sites available, possible indus- trial advantages like ancillary industries, complementary resources or natural resources such as climate and terrain. Nashik is well-endowed with the right type of climate for growing grapes and has gone a long way for the wine industry in India to prosper. Similarly, tea estates in Dar- jeeling have also created a strong brand using terrain and climate advantages, besides the specific process of tea production.
2. Marketers must specifically tell the truth when using place branding. False promises could lead to significant disasters. Sustainable economic development of a par- ticular place requires communicating the reality of the par- ticular location. Overselling such location advantages may be counter-productive.
3. Get specific stakeholders excited for what really matters. Emphasize on a significant facet of a particular location brand to stakeholders. Tirupati is an excellent example of focusing on one single facet which has resulted in the cre- ation of a strong brand for religious tourism.
4. Appoint place brand ambassadors. These ambassadors play a significant role in promoting and creating a strong place brand identity. A case in point is Gujarat after the iconic Mr Amitabh Bachchan became the brand ambas- sador for the state. Within the branding gamut, the state uses religious locations, such as Ashapura for its religious facet, Kutch for the sacred Lake of Narayan Sarovar, the shore temple of Koteshwar, the Ashapura Mata-no-Madh temple, a number of Jain Derasars, the Gurdvara at Lakh- pat, and Sufi shrines. The magnificent landscape of The Great Rann of Kutch is well-portrayed in its dazzling white, salt-encrusted desert plains. The breathtaking landscape simmering in the moon light is a stupendous inspiration. Enjoying the folk music while waiting for the night fall to come is a mesmerizing sight. The entire un- folding of the scenic beauty, the enchanting temples in the various parts of Kutch, and the national habitat of the Gir Forest have all been effectively depicted through the campaign.
5. The launch of a place brand is only a beginning and not an end. Constituting a campaign for any particular place brand is vital to ensure that its identity and recall value gets crystal- lized. Place branding requires time and continuous efforts in brand communication highlighting the various facets of a particular place brand. Kerala's place branding on the theme of "God's Own Country"—started in the mid-90s has—emphasized on the natural beauty of the state. The development of tourism in Kerala has been significant, and over a period of time, has contributed significantly to the well-being of the state. The National Geographic Traveler identified Kerala as one of the "50 must-see" destinations of a life time and TIME magazine noted "Afoot and afloat Kerala is worth the journey". Over the years, the state of Kerala has

acquired a unique status as the tourist destina- tion for the rich and the famous and has seen the likes of celebrities, including Sir Paul McCartney and more recently, Sir Richard Branson, as revered tourists.

Place branding culminates into Geographical Indica- tion (GI) which is a name or a sign used for certain prod- ucts coming from specific geographic locations. It could be a town, region, or country of origin, and the secondary associations from its geographical location gets attributed to its products. The World Trade Organization has given legal status to such GI products under its Geographical In- dication of Goods (Registration and Protection) Act 1999 enforced with effect from 15th Sept 2003. As per the GI code, certain products are branded by location such as Darjeeling Tea (word & logo), Mysore Silk, Kancheepuram Silk, Kullu Shawl, Mysore Rosewood Inlay, Mysore San-
dalwood Oil, Thanjavur Paintings, Alleppey Coir, Temple Jewellery of Nagercoil, Malabar Pepper, Kathputlis of Rajasthan, Kutch Embroidery, Dharwad Pedha, Lucknow Chikan Craft, Tirupathi Laddu, Bikaneri Bhujia, Nashik Valley Wine, Paithani Sarees and Fabrics, Mahabaleshwar Strawberry, Bangalore Blue Grapes, Patan Patola, Firoz- abad Glass, Warli Painting, and Nagpur Oranges, just to name a few.

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

Another challenge with country-of-origin is how consumers actually define it and under what circumstances they care. Many U.S. companies are moving their manufacturing offshore. Although they may still base their headquarters on U.S. soil, some very iconic brands—including Converse, Levi's, Mattel, and Rawlings baseballs—are no longer manufactured in the United States. Some other famous U.S. brands, such as Ben & Jerry's, Budweiser, and Gerber, are actually owned by foreign corporations.

In an increasingly globally connected world, the concept of country-of-origin is likely to become very confusing at times. Governments in some countries have even taken steps to protect their popular industries. Swiss lawmakers have stipulated that local watchmakers can label their products Swiss-made only if non-Swiss parts equal less than 50 percent of the value of the watch's movement, or motor.14

CHANNELS OF DISTRIBUTION

Chapter 5 described how members of the channels of distribution can directly affect the equity of the brands they sell. Let's next consider how retail stores can indirectly affect brand equity through an "im- age transfer" process because of consumers' associations linked to the retail stores.

Because of associations to product assortment, pricing and credit policy, quality of service, and so on, retailers have their own brand images in consumers' minds. The Science of Branding 7-1 summarizes academic research into the dimensions of retailer images. Retailers create these as- sociations through the products and brands they stock and the means by which they sell them. To more directly shape their images, many retailers aggressively advertise and promote directly to customers.

A consumer may infer certain characteristics about a brand on the basis of where it is sold. "If it's sold by Nordstrom, it must be good quality." Consumers may perceive the same brand differently depending on whether it is sold in a store seen as prestigious and exclusive, or in a store designed for bargain shoppers and having more mass appeal.
The transfer of store image associations can be either positive or negative for a brand. For many high-end brands, a natural growth strategy is to expand the customer base by tapping new channels of distribution. Such strategies can be dangerous, however, depending on how existing customers and retailers react. When Vera Wang decided to also distribute her wares through Kohl's, Macy's decided to drop her popular lingerie line. The retailer also cut ties with Liz Claiborne when the fashion brand decided to offer a line called Liz & Co. to JCPenney.15

 THE SCIENCE OF BRANDING 7-1
Understanding Retailers' Brand Images
Like the brands they sell, retailers have brand images that influence consumers and must be carefully constructed and maintained. Academics have identified the following five di- mensions of a retailer's brand image:
Access
The location of a store and the distance that consumers must travel to shop are basic criteria in their store choice decisions. Access is a key component in consumers' assessment of total shopping costs, and is especially important for retailers who wish to get a substantial share of wallet from fill-in trips and small-basket shoppers.
Store Atmosphere
Different elements of a retailer's in-store environment, like color, music, and crowding, can influence consumers' per- ceptions of its atmosphere, whether or not they visit a store, how much time they spend in it, and how much money they spend there. A pleasing in-store atmosphere provides sub- stantial hedonic utility to consumers and encourages them to visit more often, stay longer, and buy more. Although it improves consumers' perceptions of the quality of mer- chandise in the store, consumers also tend to associate it with higher prices. An appealing in-store atmosphere also offers much potential in terms of crafting a unique store image and establishing differentiation. Even if the products and brands stocked by a retailer are similar to those sold by others, the ability to create a strong in-store personality and rich experiences can play a crucial role in building retailer brand equity.
Price and Promotion
A retailer's price image is influenced by attributes like aver- age level of prices, how much variation there is in prices over time, the frequency and depth of promotions, and whether the retailer positions itself on a continuum between EDLP (everyday low price) and HILO (high-low promotional) pric- ing. Consumers are more likely to develop a favorable price image when retailers offer frequent discounts on a large number of products than when they offer less frequent, but steeper discounts. Further, products that have high unit price and are purchased more frequently are more salient in de- termining the retailer's price image. One pricing format does not dominate another, but research has shown that large-
basket shoppers prefer EDLP stores while small-basket shop- pers prefer HILO, and it is optimal for HILO stores to charge an average price that is higher than the EDLP. Finally, price

promotions are associated with store switching, but the ef- fect is indirect, altering consumers' category purchase deci- sions while they are in the store rather than their choice of which store to visit.

Cross-Category Assortment

Consumers' perception of the breadth of different products and services offered by a retailer under one roof significantly influences store image. A broad assortment can create cus- tomer value by offering convenience and ease of shopping. It is risky to extend too far too soon, but staying too tightly coupled to the current assortment and image may unneces- sarily limit the retailer's range of experimentation. The logic and sequencing of a retailer's assortment policy are critical to its ability to successfully expand its meaning and appeal to consumers over time.

Within-Category Assortment

Consumers' perceptions of the depth of a retailer's assort- ment within a product category are an important dimension of store image and a key driver of store choice. As the per- ceived assortment of brands, flavors, and sizes increases, vari- ety-seeking consumers will perceive greater utility, consumers with uncertain future preferences will believe they have more flexibility in their choices, and, in general, consumers are more likely to find the item they desire. A greater number of SKUs need not directly translate to better perceptions. Retail- ers often can reduce the number of SKUs substantially with- out adversely affecting consumer perceptions, as long as they pay attention to the most preferred brands, the organization of the assortment, and the availability of diverse product attributes.

Sources: Kusum L. Ailawadi and Kevin Lane Keller, "Understanding Retail Branding: Conceptual Insights and Research Priorities," Jour- nal of Retailing 80 (2004): 331–342; Dennis B. Arnett, Debra A. Lav- erie, and Amanda Meiers, "Developing Parsimonious Retailer Equity Indexes Using Partial Least Squares Analysis: A Method and Applica- tions," Journal of Retailing 79 (2003): 161–170; Dhruv Grewal and Michael Levy, "Emerging Issues in Retailing Research," Journal of Retailing 85 (December 2009): 522–526.

 CO-BRANDING

We've noted that through a brand extension strategy, a new product can become linked to an existing corporate or family brand that has its own set of associations. An existing brand can also leverage as- sociations by linking itself to other brands from the same or different company. Co-branding—also called brand bundling or brand alliances—occurs when two or more existing brands are combined into a joint product or are marketed together in some fashion.16 A special case of this strategy is in- gredient branding, which we'll discuss in the next section.17

Co-branding has been around for years; for example, Betty Crocker paired with Sunkist Growers in 1961 to successfully market a lemon chiffon cake mix.18 Interest in co-branding as a means of building brand equity has increased in recent years. For example, Hershey's Heath toffee candy bar has not only been extended into several new products—Heath Sensations (bite-sized candies) and Heath Bits and Bits of Brickle (chocolate-covered and plain toffee baking products)—but also has been licensed to a variety of ven- dors, such as Dairy Queen (with its Blizzard drink), Ben & Jerry's, and Blue Bunny (with its ice cream bar).

Some other notable supermarket examples of co-branding are Yoplait Trix yogurt, Betty Crocker's brownie mix with Hershey's chocolate syrup, and Kellogg's Cinnabon cereal. In the credit card market, co-branding often links three brands, as in the Shell Gold MasterCard from Citi Cards. With airlines, brand alliances can unite a host of brands, such as Star Alliance, which includes 16 different airlines such as United Airlines, Lufthansa, and Singapore Airlines.

Figure 7-3 summarizes the advantages and disadvantages of co-branding and licensing. The main advantage of co-branding is that a product may be uniquely and convincingly positioned by virtue of the multiple brands in the campaign. Co-branding can create more compelling points-of-difference or points-of-parity for the brand—or both—than otherwise might have been feasible. As a result, it can generate greater sales from the existing target market as well as open additional opportunities with new consumers and channels. When Kraft adds Dole fruit to its popular Lunchables lunch combinations line for kids, it was partly to help address health concerns and criticism from nutrition critics.19

Co-branding can reduce the cost of product introduction because it combines two well-known images, accelerating potential adoption. Co-branding also may be a valuable means to learn about consumers and how other companies approach them. In poorly differentiated categories especially, co-branding may be an important means of creating a distinctive product.20

Advantages

Borrow needed expertise

Leverage equity you don't have

Reduce cost of product introduction

Expand brand meaning into related categories

Broaden meaning

Increase access points Source of additional revenue

Disadvantages

Loss of control

Risk of brand equity dilution Negative feedback effects Lack of brand focus and clarity

Organizational distraction

FIGURE 7-3 Advantages and Disadvantages of Co-Branding and Licensing

The potential disadvantages of co-branding are the risks and lack of control that arise from becoming aligned with another brand in the minds of consumers. Consumer expectations about the level of involvement and commitment with co-brands are likely to be high. Unsatisfactory per- formance thus could have negative repercussions for both (or all) brands.21 If the brands are very distinct, consumers may be less sure about what each brands represents.22 If the other brand has entered into a number of co-branding arrangements, there also may be a risk of overexposure that would dilute the transfer of any association. It may also result in distraction and a lack of focus on existing brands.

Guidelines

The Science of Branding 7-2 provides some academic insight about how consumers evaluate co- branded products. To create a strong co-brand, both brands should have adequate brand awareness; sufficiently strong, favorable, and unique associations; and positive consumer judgments and feelings. Thus, a necessary but not sufficient condition for co-branding success is that the two brands separately have some potential brand equity. The most important requirement is a logical fit between the two brands, so that the combined brand or marketing activity maximizes the advantages of the individual brands while minimizing the disadvantages.23

SMART CAR

Some eyebrows were raised when DaimlerChrysler AG's Mercedes Benz unit agreed to manufacture a "Swatch- mobile," named after SMH's colorful and fashionable lines of Swatch watches. Personally championed by SMH's charismatic chairman, Nicolas Hayek, the Smart Car, as it came to be known, was designed to be small (less than 10 feet long) and low cost (under $10,000). The car combined the three most important features of Swatch watches—affordability, durability, and stylishness—with important features of a Mercedes Benz automobile— safety and security in a crash. A number of critics believed the Mercedes-Benz image could suffer if the car was unsuccessful, which was a possible outcome given the fact that many products bearing the Swatch name (like clothes, bags, telephones, pagers, and sunglasses) had disappointing sales or were dropped altogether. However, those concerns were quickly proven to be incorrect, with their successful launch in Europe. Since then Smart has been a worldwide hit with the Smart Fortwo being sold in over 35 countries worldwide.24

The Smart car has built its equity on its own novel features and not on any corporate brand associations.

Source: Courtesy of Daimler AG

THE SCIENCE OF BRANDING 7-2

Understanding Brand Alliances

Brand alliances, which combine two brands in some way, come in all forms.25 Academic research has explored the ef- fects of co-branding and ingredient branding strategies.

Co-Branding

Park, Jun, and Shocker compare co-brands to the notion of "conceptual combinations" in psychology. A conceptual com- bination ("apartment dog") consists of a modifying concept, or "modifier" (apartment) and a modified concept, or "header" (dog). Experimentally, Park and his colleagues explored the dif- ferent ways that Godiva (associated with expensive, high-calorie boxed chocolates) and Slim-Fast (associated with inexpensive, low-calorie diet food) could hypothetically introduce a choco- late cake mix separately or together through a co-brand.

They found that the co-branded version of the product was better accepted than if either brand attempted to extend indi- vidually into the cake mix category. They also found that con- sumers' impressions of the co-branded concept were driven by the header brand—Slim-Fast chocolate cake mix by Godiva was seen as lower calorie than if the product was called Godiva choc- olate cake mix by Slim-Fast; the reverse was true for associations of richness and luxury. Similarly, consumers' impressions of Slim- Fast after exposure to the co-branded concept were more likely to change when it was the header brand than when it was the modifier brand. The findings show how carefully selected brands can be combined to overcome the potential problems of nega- tively correlated attributes (here, rich taste and low calories).

Simonin and Ruth found that consumers' attitudes toward a brand alliance could influence subsequent impressions of each partner's brands (spillover effects existed), but that these effects also depended on other factors such as product fit or compatibility and brand fit or image congruity. Brands less fa- miliar than their partners contributed less to an alliance but experienced stronger spillover effects than their more familiar partners. Voss and Tansuhaj found that consumer evaluations of an unknown brand from another country were more posi- tive when it was allied with a well-known domestic brand.

Levin and Levin explored the effects of dual branding, which they defined as a marketing strategy in which two brands, usu- ally restaurants, share the same facilities while providing con- sumers with the opportunity to use either one or both brands. Kumar found that introducing a co-branded extension into a new product category made it less likely that a brand from the new category could turn around and introduce a counterexten- sion into the original product category. LeBar and colleagues found that joint branding helped to increase a brand's perceived differentiation, but also sometimes decreased consumers' per- ceived esteem for the brand and knowledge about the brand.

Ingredient Branding

Desai and Keller conducted a laboratory experiment to consider how ingredient branding affected consumer acceptance of an initial line extension, as well as the ability of the brand to in- troduce future category extensions. They studied two particular types of line extensions, defined as brand expansions: (1) slot filler expansions, in which the level of one existing product at- tribute changed (a new type of scent in Tide detergent), and (2) new attribute expansions, in which an entirely new attri- bute or characteristic was added to the product (cough relief liquid added to LifeSavers candy). They examined two types of ingredient branding strategies by branding the target attribute ingredient for the brand expansion with either a new name as a self-branded ingredient (Tide with its own EverFresh scented bath soap) or an established, well-respected name as a co- branded ingredient (Tide with Irish Spring scented bath soap). The results indicated that with slot filler expansions, although a co-branded ingredient eased initial acceptance of the expan- sion, a self-branded ingredient led to more favorable later exten- sion evaluations. With more dissimilar new attribute expansions, however, a co-branded ingredient led to more favorable evalua- tions of both the initial expansion and the subsequent extension.

Venkatesh and Mahajan derived an analytical model based on bundling and reservation price notions to help formulate op- timal pricing and partner selection decisions for branded compo- nents. In an experimental application in the context of a university computer store selling 486-class laptop computers, they showed that at the bundle level, an all-brand Compaq PC with Intel 486 commanded a clear price premium over other alternatives. The relative brand strength of the Intel brand, however, was shown to be stronger in some senses than that of the Compaq brand.

Sources: C. Whan Park, Sung Youl Jun, and Allan D. Shocker, "Com- posite Branding Alliances: An Investigation of Extension and Feedback Effects," Journal of Marketing Research (November 1996): 453–467; Bernard L. Simonin and Julie A. Ruth, "Is a Company Known by the Company It Keeps? Assessing the Spillover Effects of Brand Alliances on Consumer Brand Attitudes," Journal of Marketing Research 35, no. 2 (1998): 30–42; Piyush Kumar, "The Impact of Cobranding on Cus- tomer Evaluation of Brand Counterextensions," Journal of Marketing 69 (July 2005): 1–18; Kalpesh Desai and Kevin Lane Keller, "The Effects of Brand Expansions and Ingredient Branding Strategies on Host Brand Extendibility," Journal of Marketing 66 (January 2002): 73–93; Mrinal Ghosh and George John, "When Should Original Equipment Manu-

facturers Use Branded Component Contracts with Suppliers?," Journal of Marketing Research 46 (October 2009): 597–611; Alokparna Basu Monga and Loraine Lau-Gesk, "Blending Cobrand Personalities: An Examination of the Complex Self," Journal of Marketing Research 44 (August 2007): 389–400.

Besides these strategic considerations, marketers must enter into and execute co-branding ventures carefully. They must ensure the right kind of fit in values, capabilities, and goals in addition to an ap- propriate balance of brand equity. When it comes to execution, marketers need detailed plans to legal- ize contracts, make financial arrangements, and coordinate marketing programs. As one executive at Nabisco put it, "Giving away your brand is a lot like giving away your child—you want to make sure everything is perfect." The financial arrangement between brands may vary, although typically the firm using the other brand will pay some type of licensing fee and/or royalty from sales. The aim is for the licensor and the licensee to benefit from these agreements as a result of the shared equity, increased awareness for the licensor, and greater sales for the licensee.

More generally, brand alliances, such as co-branding, require marketers to ask themselves a number of questions, such as:

• What capabilities do we not have?
• What resource constraints do we face (people, time, money)?
• What growth goals or revenue needs do we have?

In assessing a joint branding opportunity, marketers will ask themselves:

• Is it a profitable business venture?
• How does it help to maintain or strengthen brand equity?
• Is there any possible risk of dilution of brand equity?
• Does it offer any extrinsic advantages such as learning opportunities?

One of the highest-profile brand alliances was that of Disney and McDonald's, which had the exclu- sive global rights from 1996 to 2006 in the fast-food industry to promote everything from Disney movies and videos to TV shows and theme parks. McDonald's has partnerships with a number of different brands, including leading toy and entertainment companies for its Happy Meals, and Kraft's Oreo, Hershey's M&M's, and Rolo brands for its McFlurry dessert.

Ingredient Branding

A special case of co-branding is ingredient branding, which creates brand equity for materials, com- ponents, or parts that are necessarily contained within other branded products.26 Some successful in- gredient brands over the years include Dolby noise reduction, Gore-Tex water-resistant fibers, Teflon nonstick coatings, Stainmaster stain-resistant fibers, and Scotchgard fabrics. Ingredient brands attempt to create enough awareness and preference for their product that consumers will not buy a host product that does not contain the ingredient.

From a consumer behavior perspective, branded ingredients are often a signal of quality. In a pro- vocative academic research study, Carpenter, Glazer, and Nakamoto found that the inclusion of a branded attribute ("Alpine Class" fill for a down jacket) significantly affected consumer choices even when con- sumers were explicitly told that the attribute was not relevant

to their decision.27 Clearly, consumers inferred certain quality characteristics as a result of the branded ingredient.
The uniformity and predictability of ingredient brands can reduce risk and reassure consumers. As a result, ingredient brands can become industry standards and consumers will not want to buy a product that does not contain the ingredient. In other words, ingredient brands can become, in effect, a category point-of-parity. Consumers do not necessarily have to know exactly how the ingredient works—just that it adds value.
Ingredient branding has become more prevalent as mature brands seek cost-effective means to differentiate themselves on the one hand, and potential ingredient products seek means to expand their sales opportunities on the other hand. Some companies create their own ingredient brands, such as Chevron with its Techron gasoline additive, Westin with its Heavenly Bed, and Best Buy with its Geek Squad technical support team.28 To illustrate the range of alternatives in ingredient branding, consider how Singapore Airlines uses both co-branded and self-branded ingredients in their service delivery.

 SINGAPORE AIRLINES
In its Suites class of service, Singapore Airlines offers bedding and tableware from Givenchy as well as new chairs hand stitched by “master Italian craftsman” Poltrona Frau. The First Class SkySuites feature leather seats trimmed with Burrwood. The airline offers the Krisworld entertainment system and Givenchy fleece blankets. In the more expensive Suites, first, and business classes, customers can enjoy Bose QuietComfort 2 acoustic noise-canceling headphones (economy flyers get Dolby). For its cuisine, Singapore Airlines’s meals are prepared by its International Culinary Panel and premium classes enjoy ethnically branded meals such as Shahi Thali (Suites and first class) and Hanakoireki (business class). All passengers can join the KrisFlyer frequent flyer program.29
Singapore Airlines uses a combination of co-branded and self-branded ingredients in branding its services.
Source: Eric Piermont/AFP/Getty Images
Thus, as in this example, one product may contain a number of different branded ingredients. In- gredient brands are not restricted to products and services. For example, through the years, electron- ics specialty retailer RadioShack has established strategic alliances with Hewlett Packard, Microsoft, RCA, Sprint, Verizon Wireless, and others that let the manufacturers set up kiosks within many of Ra- dioShack’s 7,000 U.S. stores. RadioShack itself has set up mobile phone kiosks in almost 1,500 Target stores in the United States, served by Radio Shack’s own black-shirted employees and using its own point-of-sale systems.30
Advantages and Disadvantages. The pros and cons of ingredient branding are similar to those of co-branding.31 From the perspective of the firm making and supplying the ingredient, the benefit of branding its products as ingredients is that by creating consumer pull, the firm can generate greater sales at a higher margin. There may also be more stable and broader customer demand and better long-term supplier–buyer relationships. Enhanced revenues may accrue from having two revenue streams—the di- rect revenue from the cost of the supplied ingredients, as well as possible extra revenue from the royalty rights paid to display the ingredient brand.

From the standpoint of the manufacturer of the host product, the benefit is in leveraging the equity from the ingredient brand to enhance its own brand equity. On the demand side, the host product brands may achieve access to new product categories, different market segments, and more distribution chan- nels than they otherwise could have expected. On the supply side, the host product brands may be able to share some production and development costs with the ingredient supplier.

Ingredient branding is not without its risks and costs. The costs of a supporting marketing com- munication program can be high—advertising to sales ratios for consumer products often surpass 5 percent—and many suppliers are relatively inexperienced at designing mass media communications that may have to contend with inattentive consumers and noncooperative middlemen. As with co-branding, there is a loss of control, because marketing programs for the supplier and manufacturer may have dif- ferent objectives and thus may send different signals to consumers.

Some manufacturers may be reluctant to become supplier dependent or may not believe that the branded ingredient adds value, resulting in a loss of possible accounts. Manufacturers may resent any consumer confusion about what is the “real brand” if the branded ingredient gains too much equity. Fi- nally, the sustainability of the competitive advantage may be somewhat uncertain, because brands that follow may benefit from consumers’ increased understanding of the role of the ingredient. As a result, follower brands may have to communicate not so much the importance of the ingredient as why their particular ingredient brand is better than the pioneer or other brands.

Guidelines. Ingredient branding programs build brand equity in many of the same ways that conven- tional branding programs do. Branding Brief 7-3 describes ingredient branding efforts at DuPont, which has successfully introduced a number of such brands.

Turning to the other side of the equation, what are some specific requirements for successful ingre- dient branding? In general, ingredient branding must accomplish four tasks:

1. Consumers must first perceive that the ingredient matters to the performance and success of the end product. Ideally, this intrinsic value is visible or easily experienced.
2. Consumers must then be convinced that not all ingredient brands are the same and that the ingredi- ent is superior. Ideally, the ingredient would have an innovation or some other substantial advantage over existing alternatives.
3. A distinctive symbol or logo must be designed to clearly signal to consumers that the host prod- uct contains the ingredient. Ideally, the symbol or logo would function essentially as a “seal” and would be simple and versatile—it could appear virtually anywhere—and credibly communicate quality and confidence to consumers.
4. Finally, a coordinated push and pull program must be put into place such that consumers under- stand the importance and advantages of the branded ingredient. Often this will include consumer advertising and promotions and, sometimes in collaboration with manufacturers, retail merchan- dising and promotion programs. As part of the push strategy, some communication efforts may also need to be devoted to gaining the cooperation and support of manufacturers or other channel members.

LICENSING
Licensing creates contractual arrangements whereby firms can use the names, logos, characters, and so forth of other brands to market their own brands for some fixed fee. Essentially, a firm is "renting" another brand to contribute to the brand equity of its own product. Because it can be a shortcut means of building brand equity, licensing has gained in popularity in recent years. The top 125 global licensors drove more than $184 billion in sales of licensed products in 2010. Perhaps the champion of licensing is Walt Disney.32

 BRANDING BRIEF 7-3
Ingredient Branding the DuPont Way
Perhaps one of the most successful in- gredient brand marketers of all times is DuPont, which was founded in Delaware as a black-powder manufacturer in 1802 by Frenchman E. I. duPont de Nemours. Over the years, the company introduced a number of innovative products for use in markets ranging from apparel to aerospace. Many of the company's in- novations, such as Lycra and Stainmaster fabrics, Teflon coating, and Kevlar fiber, became household names as ingredient brands in consumer products manufac- tured by many other companies. Although some have been spun off, the company still maintains a healthy roster of con- sumer products.
As one of the most successful ingredient brand marketers, DuPont knows the importance of having a strong corporate brand, as reflected in its long-time sponsorship of NASCAR driver Jeff Gordon.
Source: ZUMA Press/Newscom
Early on, DuPont learned an impor-
tant branding lesson the hard way. Be-
cause the company did not protect the name of its first organic chemical fiber, nylon, it was not trademarkable and became generic. The brands created by DuPont through the years have been components in a wide variety of products that are marketed to make everyday life better, safer, and healthier.
• On the qualitative side, DuPont assesses how an ingredi- ent brand can help a product's positioning. If competitive and consumer analyses reveal that conveying certain associations would boost sales, DuPont is more likely to brand the ingredient. For example, one reason that Du- Pont launched its stain-resistant carpet fiber under the in- gredient brand Stainmaster was that the company felt a "tough" association would be highly valued in the market.
DuPont maintains that an appropriate, effective ingredient branding strategy leads to a number of competitive advantages, such as higher price premiums (often as much as 20 percent), enhanced brand loyalty, and increased bargaining power with other members of the value chain.
DuPont employs both push and pull strategies to create its ingredient brands. Consumer advertising creates consumer pull by generating interest in the brand and a willingness to specifically request it. Extensive trade support in the form of co-op advertising, training, and trade pro- motions creates push by fostering a strong sense of loyalty to Du- Pont from other members of the value chain. This loyalty helps DuPont negotiate favorable terms from distributors and leads to increased cooperation when new products are introduced.
Sources: Nigel Davis, "DuPont Innovating a Way Out of a Crisis," www.icis.com, 23 June 2009; Kevin Lane Keller, "DuPont: Managing a Corporate Brand," Best Practice Cases in Branding,

3rd ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2008); "2010 DuPont Annual Review," www.dupont.com.

In 2010, DuPont recorded more than $9.5 billion in rev- enue from new products and applications launched between 2007 and 2010, representing 31 percent of total revenue. These innovations have been the result of the company's mas- sive R&D program ($1.7 billion spent in 2010). DuPont has over 75 R&D facilities globally, including 35 outside the United States. The highest proportion of the R&D budget—approxi- mately 50 percent—is dedicated to agriculture and nutrition, which is currently its fastest-growing business segment.

A key question that DuPont constantly confronts is whether to brand a product as an ingredient brand. To address this question, the firm has traditionally applied several criteria, both quantitative and qualitative.

• On the quantitative side, DuPont has a model that esti- mates the return on investment of promoting a product as an ingredient brand. Inputs to the model include brand resource allocations such as advertising and trade support; outputs relate to favorability ratings and potential sales. The goal of the model is to determine whether branding an ingredient can be financially justified, especially in in- dustrial markets.

 DISNEY CONSUMER PRODUCTS

The Walt Disney Company is recognized as hav- ing one of the strongest brands in the world. Much of its success lies in its flourishing televi- sion, movie, theme park, and other entertainment ventures. These different vehicles have created a host of well-loved characters and a reputation for quality entertainment. Disney Consumer Products (DCP) is designed to keep the Disney name and characters fresh in the consumer's mind through various lines of business: Disney Toys, Disney Fashion & Home, Disney Food, Health & Beauty, and Disney Stationery. DCP has a long history, which can be traced back to 1929 when Walt Disney licensed the image of Mickey Mouse for use on a children's writing tablet. Disney started licensing its characters for toys made by Mattel in the 1950s. Disney Consumer Products (DCP) ranked as the number-one global licensor in 2010, reporting $28.6 billion in retail sales of li- censed merchandise worldwide. DCP's Toy Story franchise, driven by box office success and mer- chandise demand for Toy Story 3, was the most dominant property of the year at retail, generat- ing $2.4 billion in retail sales. The timeless Mickey Mouse and Winnie the Pooh franchises combine to make up roughly a third of the division's total revenue. Much newer franchises—Disney Princesses and Disney Fairies launched in 2000 and 2002 respectively—already combine to make almost a quarter of DCP's total revenue. Artists in Disney Licensing's Creative Resources department work closely with manufacturers on all aspects of product marketing, including design, prototyping, manufacturing, packaging, and advertising. Disney's acquisition of Marvel Entertainment in August 2009 for $4 billion, a wholly owned subsidiary, opened a new world of comic book characters and popular film adaptations such as Thor and Captain America in 2011 and The Avengers and The Amazing Spider-Man in 2012. Marvel produced worldwide retail sales of licensed merchandise for 2010 of $5.6 billion.

Entertainment licensing has certainly become big business in recent years. Successful licensors include movie titles and logos like Harry Potter, Transformers, and Spider-Man; comic strip characters such as Garfield and Peanuts characters; and television and cartoon characters from Sesame Street, The Simpsons, SpongeBob SquarePants, and others. Every summer, marketers spend millions of dollars in movie tie-ins as marketers look for the next blockbuster franchise.

Licensing can be quite lucrative for the licensor. It has long been an important business strategy for designer apparel and accessories, for example. Designers such as Donna Karan, Calvin Klein, Pierre Cardin, and others command large royalties for the right to use their name on a variety of merchan- dise such as clothing, belts, ties, and luggage. Over the course of three decades, Ralph Lauren became the world's most successful designer, creating a $5-billion-dollar business licensing his Ralph Lauren,

Popular films such as Toy Story have helped to create a multibillion-dollar licensing business for Disney Consumer Products.

Source: ZUMA Press/Newscom

Double RL, and Polo brands to many different kinds of products. Everyone seems to get into the act with licensing. Sports licensing of clothing apparel and other products has grown considerably to be- come a multibillion-dollar business.

Licensing can also provide legal protection for trademarks. Licensing the brand for use in certain product categories prevents other firms or potential competitors from legally using the brand name to enter those categories. For example, Coca-Cola entered licensing agreements in a number of product areas, including radios, glassware, toy trucks, and clothes, in part as legal protection. As it turns out, its licensing program has been so successful the company now sells a variety of products bearing the Coca- Cola name directly to consumers.

Licensing certainly carries risks, too. A trademark can become overexposed if marketers adopt a saturation policy. Consumers do not necessarily know the motivation or marketing arrangements behind a product and can become confused or even angry if the brand is licensed to a product that seemingly bears no relation. Moreover, if the product fails to live up to consumer expectations, the brand name could become tarnished.

Guidelines

One danger in licensing is that manufacturers can get caught up in licensing a brand that might be popular at the moment but is only a fad and produces short-lived sales. Because of multiple licensing arrangements, licensed entities can also easily become overexposed and wear out quickly as a result. Sales of Izod Lacoste, with its familiar alligator crest, peaked at $450 million in 1982 but dwindled to an estimated $150 million in shirt sales in 1990 after the brand became overexposed and discount priced.33 Subsequently purchased by Phillips-Van Heusen, the brand has been making a comeback as the result of more careful marketing.

Firms are taking a number of steps to protect themselves in their licensing agreements, especially those firms that have little brand equity of their own and rely on the image of their licensor.34 For exam- ple, firms are obtaining licensing rights to a broad range of licensed entities—some of which are more durable—to diversify their risk. Licensees are developing unique new products and sales and marketing approaches so that their sales are not merely a function of the popularity of other brands. Some firms conduct marketing research to ensure the proper match of product and licensed entity or to provide more precise sales forecasts for effective inventory management.

Corporate trademark licensing is the licensing of company names, logos, or brands for use on various, often unrelated products. For example, in the depths of a financial crisis a number of years ago, Harley-Davidson chose to license its name—synonymous with motorcycles and a certain lifestyle—to a polo shirt, a gold ring, and even a wine cooler. It uses licensing to create widespread awareness of its brand amongst bikers and others through a wide range of products. These include products such as T-shirts, vehicle accessories, jewelery, leather products, toys and other such goods. Though most of the licensing activities occur in USA, the company continues to expand its products even in the international markets. The Harley Davidson accessories range for India comes in a cata- log which has over 800 listed products under the Harley Davidson brand name.

Brands that seemed to be narrowly focused, such as Jeep, Caterpillar, Deere, and Jack Daniel’s, have also entered a broad portfolio of licensing agreements.

In licensing their corporate trademarks, firms may have different motivations, including generat- ing extra revenues and profits, protecting their trademarks, increasing their brand exposure, or enhanc- ing their brand image. The profit appeal can be enticing because there are no inventory expenses, accounts receivables, or manufacturing expenses. In an average deal, a licensee pays a corporation a royalty of about 5 percent of the wholesale price of each product, although the actual percentage can

vary from 2 percent to 10 percent. As noted in Chapter 5, some firms now sell licensed merchandise through their own catalogs.

As in any co-branded arrangement, however, the risk is that the product will not live up to the reputation established by the brand. Inappropriate licensing can dilute brand meaning with con- sumers and marketing focus within the organization. Consumers don’t care about the financial ar- rangements behind a particular product or service; if the brand is used, the brand promise must be upheld.

CELEBRITY ENDORSEMENT

Using well-known and admired people to promote products is a widespread phenomenon with a long marketing history. Even the late U.S. president Ronald Reagan was a celebrity endorser, pitching several different products, including cigarettes, during his acting days. Some U.S. actors or actresses who refuse to endorse products in the United States are willing to do so in overseas markets. For example, rugged American actors Arnold Schwarzenegger (Bwain drink), Brad Pitt (Softbank), and Harrison Ford (Kirin beer) have all done ads for brands in Japan. Although Millward Brown estimates that celebrities show up in 15 percent of U.S. ads, that number jumps to 24 percent for India and 45 percent for Taiwan.35

The rationale behind these strategies is that a famous person can draw attention to a brand and shape the perceptions of the brand, by virtue of the inferences that consumers make based on the knowledge they have about the famous person. The hope is that the celebrities' fans will also become fans of their products or services. The celebrity must be well enough known to improve awareness, im- age, and responses for the brand.

In particular, a celebrity endorser should have a high level of visibility and a rich set of potentially useful associations, judgments, and feelings.36 Ideally, he or she would be credible in terms of expertise, trustworthiness, and likability or attractiveness, as well as having specific associations that carry po- tential product relevance. One person who has done a remarkable job building and leveraging a highly credible brand is Oprah Winfrey.

OPRAH WINFREY

One of the most successful and valuable person brands in the world is Oprah Winfrey—Forbes magazine estimates her net worth at a staggering $2.7 billion. Overcoming a childhood of poverty and other personal challenges and driven by her own motto, “Live Your Best Life,” she has parlayed her relentless optimism and drive for self-improvement into an entertainment franchise covering all media markets and corners of the globe. Her empathetic connection with her audience has created a marketing gold mine in the process. At its peak, her television talk show was seen by 12 million viewers daily in the United States alone, while also airing in 144 countries around the world. Her Harpo production company, shrewdly formed early in her show's syn- dication life, has also launched hit spin-off shows for some of her most of popular guests such as Dr. Phil, Dr. Oz, Rachel Ray, and design expert Nate Berkus. Her magazine, O, the Oprah Magazine, published by Hearst, has a circulation of roughly 2.5 million. Winfrey has produced Broadway shows, feature films, and television movies and has her own satellite radio station. After ending the 25-year run of her broadcast television show on May 25, 2011, she turned her energy to her new cable channel, OWN. Her sincere nature and credibility with her audience has made any product or brand endorsements instant hits. “Oprah's Book Club” launched many best-sellers and is credited by some with saving the publishing industry. Her annual infomercial-like “Favorite Things” show transformed sometimes low-profile brands into overnight successes. When Greenburg Smoked Turkey from Tyler, TX got a 42-second mention on one such show, it received $1 million in orders for the upcoming holiday season.37

One of the most valuable person brands in the world is Oprah Winfrey, shown here at a promotional filming of her show at the Sydney Opera House in Australia.
Source: George Burns//AFP/Getty Images/Newscom

Potential Problems

Despite the potential upside of linking a celebrity endorser to a brand, there are a number of potential problems. First, celebrity endorsers can endorse so many products that they lack any specific product meaning or are seen as opportunistic or insincere. Although NFL star quarterback Peyton Manning has parlayed success on the football field and his "Aw shucks" personality into endorsement contracts for a number of different brands—DirectTV, Gatorade, MasterCard, Oreo, Reebok, and Sprint, among oth- ers—he runs the risk of overexposure, especially given that so many of his ads run concurrently with the football season.38

Second, there must be a reasonable match between the celebrity and the product.39 Many endorse- ments would seem to fail this test. Despite being featured in their ads, NBA star Kobe Bryant and race car driver Danica Patrick would seem to have no logical connection to Turkish Airlines and Go Daddy Internet domain registrar and Web hosting company, respectively. Some better matches in recent years include comedian Bill Cosby's playful tone for Jell-O and champion cyclist and cancer-survivor Lance Armstrong for Bristol-Myers Squibb's cancer medicines.

Third, celebrity endorsers can get in trouble or lose popularity, diminishing their marketing value to the brand, or just fail to live up to expectations. Most companies conduct background checks before signing celebs, but that doesn't guard against bad behavior in the future. A number of spokes- people over the years have run into legal difficulties, personal problems, or controversies of some form that diminished their marketing value, such as O.J. Simpson, Martha Stewart, and Michael Jackson.40 Figure 7.4 is a list of do's and don't's in selecting celebrities to endorse a brand so as to minimize the risk of endorsement mishaps. To broaden the appeal and reduce the risk of linking in one celebrity, some marketers have begun to employ several different celebrities leading to a celeb- rity becoming a known commodity.

Fourth, many consumers feel celebrities are doing the endorsement only for the money and do not necessarily believe in or even use the brand. Even worse, some feel the fees celebrities earn to appear

1. Select celebrities based on the brand's personality and the celebrity's own personality. This congruency is most critical to avoid mismatch.
2. Analyze the category-clutter in which your brand finds itself, based on the use of celebrity in advertisements. It would prove to be counterproductive to create imagery or saliency for a brand in celebrity-cluttered category.
3. While selecting the celebrity endorser, it is important to understand the cultural background of the celebrity endorser and ensure a fit between the brand's target audience and their culture, and the celebrity.
4. A strategic issue to consider while selecting the celebrity endorser is over-exposure. Often celebrities endorse diverse products non distinctive to a particular brand. This would result in a compromise in the value of the celebrity used for the brand in the eyes of the particular target

group. For instance, Amitabh Bachchan's image endorsing Reid & Taylor—a high-end textile brand—would be diffused by a stark opposite image of him promoting Dabur Lal Dantmanjan, a product purely aimed at the rural market. This often happens if the media overlap is high.

5. The brand, endorsed by a particular celebrity endorser, should ensure that a strict legal contract is in place. This should include all facets of media exposure. Some brand of athletic footwear endorsed by Virat Kohli may find itself at a loose end if the Indian cricket team contracts with a different brand in the athletic footwear category as a team endorser. Hence, the concerned brand may not be able to enforce strict use of the brand covering all occasions of use as there is a clear conflict of brand loyalty.

6. When contracting with a particular celebrity endorser, the brand management team should conduct a thorough check of the celebrity endorser's behavioral pattern with the media as well as his/her statements made in the press. A more positive attitude towards the celebrity would help the respective brand promote and build its brand equity.

FIGURE 7-4 How to Avoid Celebrity Mishaps

Source: Teaching Notes by Professor Isaac Jacob on Celebrity and Sports Marketing, K J Somaiya Institute of
Management Studies and Research, Mumbai.

in commercials add a significant and unnecessary cost to the brand. In reality, celebrities often do not come cheap and can demand literally millions of dollars for endorsements.

Celebrities also can be difficult to work with and may not willingly follow the marketing direction of the brand. Tennis player Andre Agassi tried Nike's patience when—at the same time he was advertis- ing for Nike—he appeared in commercials for the Canon Rebel camera. In these ads, he looked into the camera and proclaimed "Image Is Everything"—the antithesis of the "authentic athletic performance" positioning that has been the foundation of Nike's brand equity. Winning the French Open, however, put Agassi back in Nike's good graces.

Finally, as noted in Chapter 6, celebrities may distract attention from the brand in ads so that con- sumers notice the stars but have trouble remembering the advertised brand. PepsiCo decided to drop singers Beyoncé Knowles and Britney Spears from high-profile ad campaigns when they felt the Pepsi brand did not get the same promotion boost from the campaign that the stars were getting. The firm decided to put the spotlight back on the product with its endorsement-free follow-up, "Pepsi. It's the Cola." After signing Celine Dion for a three-year, $14 million deal, Chrysler dumped her in the first year when commercials featuring Dion driving a Pacifica produced great sales for the singer, but not for the car!

Brands can become overreliant on a celebrity. Founder and chairman Dave Thomas was an effective pitchman for his Wendy's restaurant chain because of his down-home, unpretentious, folksy style and strong product focus. Recognized by over 90 percent of adult consumers, he appeared in hundreds of commercials over a 12-year period until his death in early 2002.[41] The brand struggled for years afterward, however, trying to find the right advertising approach to re- place him.

Guidelines

To overcome these problems, marketers should strategically evaluate, select, and use celebrity spokes- people. First, choose a well-known and well-defined celebrity whose associations are relevant to the brand and likely to be transferable. For example, despite false starts for his retirement, Brett Favre's rugged, down-to-earth persona fits well for the backyard football games in the "Real. Comfortable. Jeans." Wrangler ads.

Then, there must be a logical fit between the brand and the person.42 To reduce confusion or dilu- tion, the celebrity ideally will not be linked to a number of other brands or be overexposed. Popular Hong Kong actor Jackie Chan has been criticized for endorsing too many products—from electric bikes to antivirus software to frozen dumplings and more. Unfortunately, many of the products he has en- dorsed have run into problems—a shampoo was alleged to contain carcinogens, an auto repair school was hit by a diploma scandal, and makers of both video compact discs and an educational computer went out of business. As one Chinese editorial commented: "He has become the coolest spokesperson in history—a man who can destroy anything!"43

Third, the advertising and communication program should use the celebrity in a creative fashion that highlights the relevant associations and encourages their transfer. Dennis Haysbert has played the

Although Jackie Chan has endorsed a wide range of products, his track record has been mixed.
Source: Toshifumi Kitamura/AFP/Getty Images/Newscom

president of the United States in the TV series 24 and adopts a similarly stately, reassuring tone for his spokesperson role in the "You're in Good Hands" ads for Allstate insurance. William Shatner's humor- ous Priceline ads take a completely different tack and take advantage of the actor's self-deprecating, campy wit to draw attention to its discount message.

Finally, marketing research must help identify potential endorser candidates and facilitate the de- velopment of the proper marketing program, as well as track its effectiveness.

Q SCORES

Marketing Evaluations conducts surveys to determine "Q Scores" for a broad range of entertainers and other public figures like TV performers, news and sports anchors, and reporters, athletes, and models. Each performer is rated on the following scale: "One of My Favorites," "Very Good," "Good," "Fair," "Poor," and "Never Seen or Heard of Before." The sum of the "Favorite" through "Poor" ratings is "Total Familiar." Because some per- formers are not very well known, a positive Q Score is a ratio of the "One of My Favorites" rating to the "Total Familiar" rating and a negative Q Score is a ratio of the sum of "Poor" and "Fair" ratings to the "Total Familiar" rating. Q Scores thus capture how appealing or unappealing a public figure is among those who do know him or her. Q Scores will move around, depending on the fame and fortune of the subject. In January 2010, in a poll of the general population, 24 percent of people viewed NBA star Lebron James in a positive light, compared to 22 percent who had a negative opinion. These were the highest scores ever seen by Marketing Evaluations for an athlete—the average sports personality has a 15 percent positive score and 24 percent negative score. After James's "decision" and his messy departure from Cleveland to play for the Miami Heat, a September 2010 poll revealed that only 14 percent of the population saw him in a positive light, while 39 percent had a negative opinion, the steepest decline for a sports personality in the 45-year history of Q Scores. By February 2011, the positive and negative scores had improved to 17 percent and 33 percent—progress, but still a far cry from his peak. James's tarnished image certainly did not immediately affect his endorsement portfolio, however, which was estimated to total over $48 million in 2011, landing him in the Top 10 of Forbes magazine's Celebrity 100 ranking of power.44

Celebrities themselves must manage their own "brands" to ensure that they provide value. By the same token, anyone with a public profile, even if just within the company in which he or she works, should consider how to best manage his or her brand image.45 Branding Brief 7-4 offers some thoughts about how personal branding works in general and how it differs from more traditional branding for products and services.

SPORTING, CULTURAL, OR OTHER EVENTS

As Chapter 6 described, events have their own set of associations that may become linked to a sponsor- ing brand under certain conditions. Sponsored events can contribute to brand equity by becoming asso- ciated to the brand and improving brand awareness, adding new associations, or improving the strength, favorability, and uniqueness of existing associations.46

The main means by which an event can transfer associations is credibility. A brand may seem more likable or perhaps even trustworthy or expert by virtue of becoming linked to an event. The extent to which this transfer takes place will depend on which events are selected and how the sponsorship pro- gram is designed and integrated into the entire marketing program to build brand equity. Brand Focus 7.0 discusses sponsorship strategies for the Olympic Games.

Pepsico is one of the leading companies making major investments in sports marketing.

 BRANDING BRIEF 7-4

Managing a Person Brand

Although many branding principles apply, there are some important differences between a person brand and a product or service brand. Here are some of the main differences to consider:

1. Person brands are more abstract and intangible but have very rich imagery.
2. Person brands are more difficult to compare because com- petition is very broad and often not easily relatable.
3. Person brands can be difficult to control and keep con- sistent. A person brand can have many facets, and many interactions and experiences with many different people over time, all adding to the complexity of brand management.
4. People may adopt different personas for different situa- tions (such as work vs. play) that will affect the dimension- ality of their brand.
5. Repositioning a person brand can be tricky because people like to categorize other people, but it is not impossible. Actors/entertainers such as Mark Wahlberg and Madonna have changed their images, whereas others such as Sylvester Stallone and Jim Carrey have found it more difficult.

As guidelines for managing a person brand, consider the fol- lowing recommendations:

1. A person brand must manage brand elements. Names can be shortened and nicknames adopted. Even though a per- son does not necessarily have a logo or symbol, appear- ance in terms of dress and look can still help to create a brand identity.
2. A person brand is built by the words and actions of that person. Given the intangible nature of a person brand,
however, it is hard to form judgments at one point in time—repeated exposures are usually necessary.
3. A person brand can borrow brand equity through sec- ondary associations such as geographical regions, schools and universities, and the like. A person brand can employ strategic partnerships with other people to enhance brand equity.
4. Credibility is key for a person brand. Trustworthiness is im- portant, but so is likability and appeal in terms of eliciting more emotional responses.
5. Person brands can use multiple media channels—online is especially useful in terms of social networking and com- munity building.
6. A person brand must stay fresh and relevant and properly innovate and invest in key person traits.
7. A person brand should consider optimal positioning in terms of brand potential and associated points-of- parity and points-of-difference. A clear and compel- ling point-of-difference is especially important in terms of carving out a unique identity in the workplace or market.
8. Brand architecture is simpler for a person brand—sub- branding is less relevant—but brand extensions can occur, for instance when a person adds to his or her perceived capabilities.
9. A person brand must live up to the brand promise at all times. Reputations and brands are built over years but can be harmed or even destroyed in days. One slip can be dev- astating and difficult to recover from.
10. A person brand must be a self-advocate and help to shape impressions.

PEPSICO

Pepsico has been a major sponsor of sports all over the world for a number of years. In the United States, it has official alliances with the National Football League, Major League Baseball, National Hockey League and Major League Soccer; it is title sponsor of the AST (Mountain) Dew Action Sports Tour; and it has naming rights at the Pepsi Center in Denver (an indoor sports facility that is home to the NHL's Avalanche and NBA's Nuggets, among others). With NASCAR auto racing, Pepsi is the title sponsor of the Pepsi Max 400 and has numerous pouring rights at various tracks. Pepsi also has endorsement deals with many athletes in these sports and has spent over $100 million in the course of a given year running ads—often featuring these athletes—in network sports programming. Overseas, other sports take center stage, such as cricket in India, Pakistan, and other Commonwealth countries. Pepsi takes a strategic approach to its sports marketing. Sports marketing played a prominent role in the Pepsi Re- fresh Project, a cause-based program offering Pepsi grants for worthy ideas to benefit communities throughout the

United States. Pepsi also elevated the importance of Pepsi Max in its sport sponsorships in 2010 to help boost the struggling brand. Pepsi Max became the new face of the brand's NFL sponsorship, and the Pepsi 400 NASCAR race was renamed as Pepsi Max 400.47
Pepsi Max has become an NFL sponsor as means to boost its appeal.
Source: Warren Little/Getty Images
THIRD-PARTY SOURCES
Finally, marketers can create secondary associations in a number of different ways by linking the brand to various third-party sources. For example, the Good Housekeeping seal has been seen as a mark of quality for decades, offering product replacement or refunds for defective products for up to two years from pur- chase. Endorsements from leading magazines like PC magazine, organizations like the American Dental Association, acknowledged experts such as film critic Roger Ebert, or carefully selected Elite critics of the online Yelp consumer review site can obviously improve perceptions of and attitudes toward brands.
Third-party sources can be especially credible sources. As a result, marketers often feature them in advertising campaigns and selling efforts. J.D. Power and Associates' well-publicized Customer Sat- isfaction Index helped to cultivate an image of quality for Japanese automakers in the 1980s, with a corresponding adverse impact on the quality image of their U.S. rivals. In the 1990s, they began to rank quality in other industries, such as airlines, credit cards, rental cars, and phone service, and top-rated brands in these categories began to feature their awards in ad campaigns. Grey Goose vodka cleverly employed a third-party endorsement to drive sales.
GREY GOOSE
Sidney Frank first found success in the liquor industry with a little-known German liqueur, Jagermeister, which he began to market in the United States in the mid-1980s and drove to 700,000 annual cases in sales and market leadership by 2001. Turning his sights to the high-margin super-premium market, Frank decided to create a French vodka that would use water from the Cognac region and be distilled by the makers of Cardin brandy. Branded as "Grey Goose," the product had distinctive packaging—a must in the category—with a bottle taller than competi- tors that combined clear and frosted glass with a cutaway of geese in flight and the French flag. But perhaps the most important factor in the brand's eventual success was a taste-test result from the Beverage Testing Institute that ranked Grey Goose as the number-one imported vodka. Fueled by exhaustive advertising that trumpeted its big win as "the World's Best-Tasting Vodka," Grey Goose became a top seller. Frank eventually sold Grey Goose

Vodka brand to Bacardi in 2004 for a stunning $2.2 billion. Its success continues to this day. Despite the fact that vodka has been characterized as essentially odorless and tasteless, it is consistently ranked as the top brand of vodka brand in consumer loyalty polls on the basis of image, versatility, and smoothness.48
Distinctive packaging and taste-test awards have propelled Grey Goose to a leadership position in the vodka category.
Source: AP Photo/PRNewsFoto/GREY GOOSE(R) Vodka

With the growth of social networks and blogs, a whole range of new online opinion leaders are emerging that can influence the fate of brands. Some come with credentials from traditional businesses or organizations. For example, Wall Street Journal technology columnist Walter Mossberg and colleague Kara Swisher have created their own successful technology-focused Web site, www.allthingsd.com. The pair also run an influential annual technology conference, “D: All Things Digital,” where top technology leaders such as Bill Gates and Steve Jobs have appeared in unscripted interviews.

Other opinion leaders gain influence in different ways through a sequence of events. Justine Ezarik (aka iJustine) had begun “lifecasting” her activities on the Internet, but she really gained fame in August 2007 after posting a viral video of the 300-page AT&T bill she received for her first-generation iPhone. The attention she received for her role in persuading AT&T to change its billing policy—it began to provide usage summaries instead—was the first step in developing a significant YouTube presence. Her videos have since been seen hundreds of millions of times, and she has developed partnerships with companies such as GE, Intel, and Mattel, which value her credibility.49

REVIEW

This chapter considered the process by which other entities can be leveraged to create secondary asso- ciations. These other entities include source factors such as the company that makes a product, where the product is made, and where it is purchased, as well as related people, places, or things. When they link the brand to other entities with their own set of associations, consumers may expect that some of these same associations also characterize the brand.

Thus, independent of how a product is branded, the nature of the product itself, and its support- ing marketing program, marketers can create brand equity by “borrowing” it from other sources. Creating secondary associations in this fashion may be quite important if the corresponding brand associations are deficient in some way. Secondary associations may be especially valuable as a means

to link favorable brand associations that can serve as points-of-parity or to create unique brand asso- ciations that can serve as points-of-difference in positioning a brand.

Eight different ways to leverage secondary associations to build brand equity are linking the brand to (1) the company making the product; (2) the country or some other geographic location in which the product originates; (3) retailers or other channel members that sell the product; (4) other brands, includ- ing ingredient brands; (5) licensed characters; (6) famous spokespeople or endorsers; (7) events; and (8) third-party sources.

In general, the extent to which any of these entities can be leveraged as a source of equity depends on consumer knowledge of the entity and how easily the appropriate associations or responses to the en- tity transfer to the brand. Overall credibility or attitudinal dimensions may be more likely to transfer than specific attribute and benefit associations, although the latter can be transferred, too. Linking the brand to other entities, however, is not without risk. Marketers give up some control, and managing the transfer process so that only the relevant secondary associations become linked to the brand may be a challenge.

DISCUSSION QUESTIONS

1. The Boeing Company makes a number of different types of aircraft for the commercial airline indus- try, for example, the 727, 747, 757, 767, 777, and now the 787 jet models. Is there any way for Boe- ing to adopt an ingredient branding strategy with its jets? How? What would be the pros and cons?
2. After winning major championships, star players often complain about their lack of endorsement offers. Similarly, after every Olympics, a number of medal-winning athletes lament their lack of commercial recognition. From a branding perspective, how would you respond to the complaints of these athletes?
3. Think of the country in which you live. What image might it have with consumers in other coun- tries? Are there certain brands or products that are highly effective in leveraging that image in global markets?
4. Which retailers have the strongest image and equity in your mind? Think about the brands they sell. Do they contribute to the equity of the retailer? Conversely, how does that retailer's image help the image of the brands it sells?
5. Pick a brand. Evaluate how it leverages secondary associations. Can you think of any ways that the brand could more effectively leverage secondary brand associations?

BRAND FOCUS 7.0

Going for Corporate Gold at the Olympics

Competition at the Olympics is not restricted to just the ath- letes. A number of corporate sponsors also vie to maximize the return on their sponsorship dollars. Corporate sponsorship is a significant part of the business side of the Olympics and con- tributes almost one-third of the revenue of the International Olympic Committee (IOC). Countries themselves vie for the rights to host the Games. Rio de Janeiro, Brazil, won the rights to host the 2016 Games over Chicago, Madrid, and Tokyo.

Corporate Sponsorship

Corporate sponsorship of the Olympics exploded with the com- mercial success of the 1984 Summer Games in Los Angeles. At that time, many international sponsors, like Fuji, achieved posi- tive image building and increased market share.

Eleven companies have paid for the highest level of Olympic sponsorship (TOP)—estimated to cost in the neigh- borhood of $80 million—for exclusive worldwide marketing rights to the Summer, Winter, and Youth Olympic Games: Acer, Atos Origin, Coca-Cola, Dow, GE, McDonald's, Omega, Panasonic, Procter & Gamble, Samsung, and Visa.50 In ad- dition to exclusive worldwide marketing opportunities, part- ners receive:

• Use of all Olympic imagery, as well as appropriate Olympic designations on products
• Hospitality opportunities at the Olympic Games
• Direct advertising and promotional opportunities, including preferential access to Olympic broadcast advertising

• On-site concessions/franchise and product sale/showcase opportunities
• Ambush marketing protection (see below)
• Acknowledgement of their support though a broad Olym- pic sponsorship recognition program

Other tiers at lower levels of sponsorship also exist. For exam- ple, London 2012 Official Partners included Adidas, BP, British Airways, BT, EDF Energy, Lloyds TSB, and Nortel. Besides direct expenditures, firms spent hundreds of mil- lions more on related marketing efforts. A long-time Olympics supporter since the 1976 Summer Games in Montreal, Mc- Donald's always runs a number of promotional campaigns to tie in with its sponsorship. Building on prior McDonald's kids' programs at the Olympic Games in Beijing and Vancouver, McDonald's "Champions of Play for the Olympic Games" brought up to 200 children from around the world to London (each with a guardian) as part of a new global program to encourage a balanced approach to nutrition and activity for children.51

Participating McDonald's countries initiated grassroots ac- tivities for children ages 6–10.

The selected children participants could tour and play with the athletes at the actual Olympic venues, creating an unfor- gettable, inspiring, and compelling moment for those children attending the games. Such activities also include McDonald's Chef demonstration, which had an exclusive tour of the Olympic village dining area and also, other cultural sites.

McDonald's Olympic Games program also targeted families across the globe through:

• A Web site offering balanced eating and fun play facts, and challenges.
• Digital engagement—allowing kids everywhere to track their physical activities online.
• Special Happy Meal packaging featuring information and tips on balanced eating and fun play.

McDonald's also selected 2,000 of its top-performing restaurant staff from the UK and around the world—the largest Olympic team ever assembled—to serve the world's top athletes, coaches, spectators, media, and officials at the Games. In 2012, these brand ambassadors had the oppor- tunity to meet Olympic athletes, attend competitions, par- ticipate in their own sports and activities in the Royal Parks, visit cultural sites in London, and socialize with their interna- tional peers.

A relative newcomer beginning its sponsorship with the Vancouver Olympics in 2010, Procter & Gamble launched its "Proud Sponsor of Mums (or Moms)" campaign that it ex- tended throughout P&G's sponsorship of the London 2012 Olympic Games. P&G's Olympic Games partnership is the first to cover multiple brands under one sponsor and will span the next 10 years, more than 30 product categories,

and 205 National Olympic Committees to raise awareness of and reward mothers' contributions globally.52

GE, Coca-Cola, Dow, Omega, and Visa have also extended their sponsorship through 2020.

GE works closely with host countries, cities, and organiz- ing committees to provide infrastructure solutions for Olympic Games venues including power, water treatment, transporta- tion and security, and to supply hospitals with ultrasound and MRI equipment to help doctors treat athletes.53

Sponsorship ROI

Although several firms have long-term relationships and commitments with the Olympics, in recent years other long-time sponsors have cut their ties. Kodak ended over a century of sponsorship after the Beijing Olympic Games, and General Motors ended its decades-long support at that time too. Other TOP partners that chose not to re- new after the 2008 Games included Johnson & Johnson, Lenovo, and Manulife.

Although many factors affect the decision to engage in or renew an Olympic sponsorship, its marketing im- pact is certainly widely debated. For example, one survey of 1,500 Chinese city residents just prior to the 2008 Bei- jing Games revealed that only 15 percent could name two of the 12 global sponsors, and just 40 percent could name one: Coca-Cola. After virtually every Olympic Games, sur- veys show that many spectators at the Games and even avid viewers of the broadcasts mistakenly indentify a nonspon- soring company as an official sponsor.54

Ambush Marketing

In some cases, sponsorship confusion may be due to ambush marketing, in which advertisers attempt to give consumers the false impression they are Olympic sponsors without pay- ing for the right to do so. Nonsponsoring companies attempt to attach themselves to the Games by, for instance, running Olympic-themed ads that publicize other forms of sponsor- ship like sponsoring a national team, by identifying the brand as an official supplier, or by using current or former Olympi- ans as endorsers.55

For the Beijing Games, not only did popular former Chi- nese gymnastics champion Li Ning light the Olympic cauldron in the opening ceremony, he did so wearing shoes from the sportswear company he had founded. His actions drew tre- mendous attention to the Li Ning line while the official athletic sponsor, Adidas, which had spent millions for its rights, could only sit and watch.

To improve the marketing effectiveness of sponsorship, the Olympic Committee has declared that it will vigorously fight ambush marketing. It has reduced the number of sponsors to avoid clutter.56

Containing ambush marketing requires much diligence. In the 2010 Winter Olympics in Vancouver, Canada, free Ocean

Spray Cranberry Cocktail drinks were handed out to commuters at the Games as a promotion despite Coca-Cola's being the of- ficial beverage sponsor. Bank of Nova Scotia launched a naviga- tional mobile application to help people get around the Games while Royal Bank of Canada was the official banking sponsor, and Subway ran an advertising campaign featuring U.S. Olym- pic swim champion Michael Phelps although McDonald's was the official restaurant of the Olympics. In each case, the IOC warned the offending company of employing ambush market- ing tactics.57

Beijing 2008 Summer Games

Every Olympic Games presents special opportunities for host countries and sponsoring companies. The 2008 Summer Games in Beijing held special appeal for some advertisers because the Games represented a connection to the burgeoning Chinese market. General Electric began its first global campaign revolv- ing around the Beijing Games in 2005. GE chose the Olympics to position the company as global and innovative to Chinese consumers.

UPS also chose the Beijing games to strengthen its brand presence in China. UPS was a global Olympic sponsor in 1996, 1998, and 2000 but then dropped out of the Games after 2000, saying its brand awareness goals had been achieved. But in 2005, UPS announced it would rejoin the Olympics for 2008, this time in a limited deal that allowed the company to use the Olympic logo for marketing in China only—not in the United States. International and local sponsors were estimated to have spent a total of $1 billion on the Beijing Olympics, aided partly by the nationalist spirit that drove some Chinese companies to sponsor the Games.

London 2012 Summer Games

Every Olympic Games also presents the opportunity to learn from past successes and mistakes and to run an event that will benefit athletes, spectators, viewers, and sponsors alike. Recognizing the important financial contribution of sponsorship, the London Games were supported by the British government's introduction of extensive antiambush legislation. Banned were activities such as sky-writing, flyers, posters, billboards, and pro- jected advertising within 200 meters of any Olympic venue. The government also passed legislation to forbid a variety of words such as "Games," "2012," "Two Thousand and Twelve," and "Twenty Twelve" to be used in combination with words such as, "Gold," "Silver," "Bronze," "London," "Medals," "Spon- sor," or "Summer" in an unauthorized manner such that general public would think there was an association with the London Olympics.58

Ticket revenue is also critical to the success of the Olympics, so organizers of the London Games also embarked on a multimillion-dollar advertising campaign, "The Greatest Tick- ets on Earth," in hope of raising £500 million from ticket sales.

Twelve ads showcased likely Olympic stars, including local favor- ites gymnast Beth Twiddle and diver Tom Daley. Over half of all tickets to the most popular events, however, were earmarked for corporate sponsors and their employees or guests.59

Outside the country, the government also embarked on a "Visit Britain" and "Visit London" promotional campaign to at- tract tourists. The campaigns set out strategically to emphasize the "timeless," "dynamic," and "genuine" qualities—based on the people, places, and culture—that define the British brand.60

City and Country Effects

Another hotly debated Olympics topic is the value of the pay- back to the host city, region, and country. Bringing an aggres- sive new sponsorship approach to the Los Angeles Olympics resulted in those Games being a financial success, but other Games since then have been a mixed bag. However, a number of benefits may be evident for a host country that can be hard to quantify.61

One important psychological benefit is civic pride and pa- triotism for serving as host to such an iconic global sporting event. With a worldwide television audience for two weeks and more, the Games also serve as a huge advertising and public re- lations opportunity to aid tourism, real estate, and commercial business. Both the 1992 Barcelona and 2000 Sydney Games enjoyed these broad sets of benefits.

Another often-overlooked benefit is the investment in improving infrastructure that often leads up to hosting the Games. Beijing added new subway lines, highways, an airport to ease transportation, and new parks alongside to add to the scenery, providing some badly needed improvements in trans- portation and quality of life for residents of the city.

Nevertheless, the financial stakes are high, and only careful planning and execution and the right circumstances can result in success for the Olympics host city, region, and country. The 1976 Montreal and 2004 Athens Games, for example, had a much less positive effect on the host countries. It took Montreal almost 30 years to pay back the $2.7 billion in debt it incurred in hosting the Games.

Summary

Olympic sponsorship remains highly controversial. Many cor- porate sponsors continue to believe that their Olympic spon- sorship yields many significant benefits, creating an image of goodwill for their brand, serving as a platform to enhance awareness and communicate messages, and affording numer- ous opportunities to reward employees and entertain clients. Others view the Games as overly commercialized, despite the measures undertaken by the IOC and USOC to portray the Olympics as wholesome. In any case, the success of Olympic sponsorship—like that of any sports sponsorship—depends in large part on how well it is executed and incorporated into the entire marketing plan.