



MK 201 Principles of Marketing

Building a Strong Brand

Part 2

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Brand Strategy: Building Strong Brands

Building Strong Brands

Brand Name Selection

1. Suggests benefits and qualities
2. Easy to pronounce, recognize, and remember
3. Distinctive
4. Extendable
5. Translatable for the global economy
6. Capable of registration and legal protection

Brand Strategy: Building Strong Brands

Desirable qualities for a brand name include the following.

- (1) It should suggest something about the **product's benefits and qualities**: Beautyrest, Lean Cuisine, Snapchat, Pinterest.
- (2) It should be **easy to pronounce**, recognize, and remember: iPad, Tide, Jelly Belly, Twitter, JetBlue.
- (3) The brand name should be **distinctive**: Panera, Swiffer, Zappos, Nest.

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- (4) It should be **extendable**—Amazon.com began as an online bookseller but chose a name that would allow expansion into other categories.
- (5) The name should translate **easily into foreign languages**. Before changing its name to Exxon, Standard Oil of New Jersey rejected the name Enco, which it learned meant a stalled engine when pronounced in Japanese.
- (6) It should be **capable of registration and legal protection**. A brand name cannot be registered if it infringes on existing brand names.



BRAND CONTRIBUTION TOP 10

Brand Contribution measures the influence of brand alone, excluding financials or other factors, on a brand in the mind of the consumer. It tends to be a key driver of business growth and is measured on a scale of 1 to 5, with 5 the highest. All of these brands scored 5.



ESTÉE LAUDER



PayPal



THE STRONGEST...



THE MOST INNOVATIVE...



BEST BRAND EXPERIENCE...



THE MOST LOVED...



Methodology and Valuation by

KANTAR MILWARD BROWN

WPP



Brand Names gone xxxx



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Brand Sponsorship

- Manufacturer's brand
- Private brand
- Licensed brand
- Co-brand



● Store brands: Kroger's store brands—from Private Selection to Simple Truth—account for 25 percent of the grocery retailer's sales.

Associated Press

Brand Strategy: Building Strong Brands

- The popularity of store brands has soared recently. Kroger store brands account for a whopping 25 percent of its sales.
- A manufacturer has four **brand sponsorship** options. The product may be launched as a national brand or a private brand (also called a store brand or distributor brand). Other alternatives include a licensed brand and co-branding.

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- **National brands (or manufacturers' brands)** have long dominated the retail scene. In recent times, however, an increasing number of retailers and wholesalers have created their own **store brands (or private brands)**. Store brands have been gaining strength for more than two decades, but recent tighter economic times have created a store-brand boom.
- For example, Walmart's private brands—Great Value food products; Sam's Choice beverages; Equate pharmacy, health, and beauty products; White Cloud toilet tissue and diapers; Simple Elegance laundry products; and Canopy outdoor home products—account for a whopping 20 percent of its sales. Its private-label brands alone generate more sales than all P&G brands combined, and Walmart's Great Value is the nation's largest single food brand.

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- At the other end of the grocery spectrum, upscale Whole Foods Market offers an array of store-brand products. **Target and Trader Joe's are out-innovating many of their national-brand competitors.** As a result, consumers are becoming loyal to store brands for reasons besides price. Recent research showed that 80 percent of all shoppers believe store brand quality is equal to or better than that of national brands. In some cases, consumers are even willing to pay more for store brands that have been positioned as gourmet or premium items.





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- **Co-branding** occurs when two established brand names of different companies are used on the same product. Co-branding offers many advantages. **Because each brand operates in a different category, the combined brands create broader consumer appeal and greater brand equity.** Examples include Benjamin Moore and Pottery Barn, Taco Bell and Doritos.
- Co-branding can take advantage of the complementary strengths of two brands. It also allows a company to expand its existing brand into a category it might otherwise have difficulty entering alone.

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- Co-branding has limitations and usually involves complex legal contracts and licenses. Co-branding partners must carefully coordinate their marketing mix, and each partner must trust that the other will take good care of its brand. **If something damages the reputation of one brand, it can tarnish the co-brand as well.**



Brand Strategy: Building Strong Brands

● FIGURE | 8.6
Brand Development Strategies

		Product category	
		Existing	New
Brand name	Existing	Line extension	Brand extension
	New	Multibrands	New brands

This is a very handy framework for analyzing brand development opportunities. For example, what strategy did Toyota use when it introduced the Toyota Camry Hybrid? When it introduced the Toyota Prius? The Scion?

A company has four choices when it comes to **brand development** (see Figure 8.6). It can introduce *line extensions*, *brand extensions*, *multibrands*, or *new brands*.

Brand Strategy

- Line Extension
 - Existing brand names extended to new forms, sizes, and flavors of an existing product category.
 - Brand Extension
 - Existing brand names extended to new or modified product categories.
 - Multibrands
 - New brand names introduced in the same product category.
 - New Brands
 - New brand names in new product categories.
-

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- **Line extensions** occur when a company extends existing brand names to new forms, colors, sizes, ingredients, or flavors of an existing product category. For example, over the years, KFC has extended its “finger lickin’ good” chicken lineup well beyond original recipe and now offers grilled chicken, boneless fried chicken, chicken tenders, hot wings, and chicken bites. A line extension works best when it takes sales away from competing brands, not when it “cannibalizes” the company’s other items.

Products



Chicken Mania



Hot Shots



Hot wings



Family Feast



Zinger



Mighty Zinger



Rice n Spice



Wings n Rice



Wow Meal



Nuggets



Twister



Xtreme Zinger



PRODUCT LINE EXTENSION

- ▶ *Definition:* the use of an **established** product's brand name to introduce a **new item** in the **same product category**.
- ▶ Example:

Coca-Cola

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- **Brand extension** extends a current brand name to new or modified products in a new category. For example, Starbucks has extended its retail coffee shops by adding packaged supermarket coffees, a chain of teahouses (Teavana Fine Teas + Tea Bar), and even a single-serve home coffee, espresso, and latte machine—the Verismo. And P&G has leveraged the strength of its Mr. Clean household cleaner brand to launch several new lines: cleaning pads (Magic Eraser), bathroom cleaning tools (Magic Reach), and home auto cleaning kits (Mr. Clean AutoDry).



Successful Brand Extension

Colgate tooth brushes

- Sales was increased
- New customers
- Competitive ability
- Improving a reputation





Line Versus Brand Extensions



- Crest's **Line Extension** to 12 different types of toothpaste



- Crest's **Brand Extension** to floss, mouthwash, and whitening strips





LINE EXTENSION

**BRAND
EXTENSION**



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- **Multibrands:** Companies often market many different brands in a given product category. For example, in the United States, PepsiCo markets at least eight brands of soft drinks (Pepsi, Sierra Mist, Mountain Dew, Manzanita Sol, Mirinda, IZZE, Tropicana Twister, and Mug root beer), three brands of sports and energy drinks (Gatorade, AMP Energy, and Starbucks Refreshers), four brands of bottled teas and coffees (Lipton, SoBe, Starbucks, and Tazo), three brands of bottled waters (Aquafina, H2OH!, and SoBe), and nine brands of fruit drinks (Tropicana, Dole, IZZE, Lipton, Looza, Ocean Spray, and others). Each brand includes a long list of sub-brands.



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Trade Networks



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- **New brands:** A company might believe that the power of its existing brand name is waning, so a new brand name is needed. Or it may create a new brand name when it enters a new product category for which none of its current brand names are appropriate. For example, Toyota created the separate Lexus brand aimed at luxury car consumers and the Scion brand, targeted toward Millennial consumers.





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- As with multibranding, offering too many new brands can result in a company spreading its resources too thin. And in some industries, such as consumer packaged goods, **consumers and retailers have become concerned that there are already too many brands, with too few differences between them.**

Brand Strategy: Building Strong Brands

- Thus, P&G, PepsiCo, Kraft, and other large consumer-product marketers are now pursuing **megabrand strategies—weeding out weaker or slower-growing brands and focusing their marketing dollars on brands that can achieve the number-one** or number-two market share positions with good growth prospects in their categories.



NIVEA

- NIVEA cosmetics brand has a presence in huge number of product categories and countries
- 'Queen of Mega Brands' because 14 products and serves 150 countries.
- According to analysts, there was the 4.4% increase in the company's revenues (€ 4.74 billion) and 10.7% increase in after-tax profit (€ 290 million) for the year 2002.



Umbrella Brand

Nivea is the Queen of mega brand franchises. It's parent company, Beiersdorf, had built Nivea into the worlds number one personal care brand.



Target Market

The target market for Nivea consist of upper strata of the society, mainly middle class, all age groups for skin care.



Positioning

Nivea develops innovate skincare products to help individual obtain a healthy, youthful and non-surgical of skin perfection.







