



MK 201 Principles of Marketing Building a Strong Brand

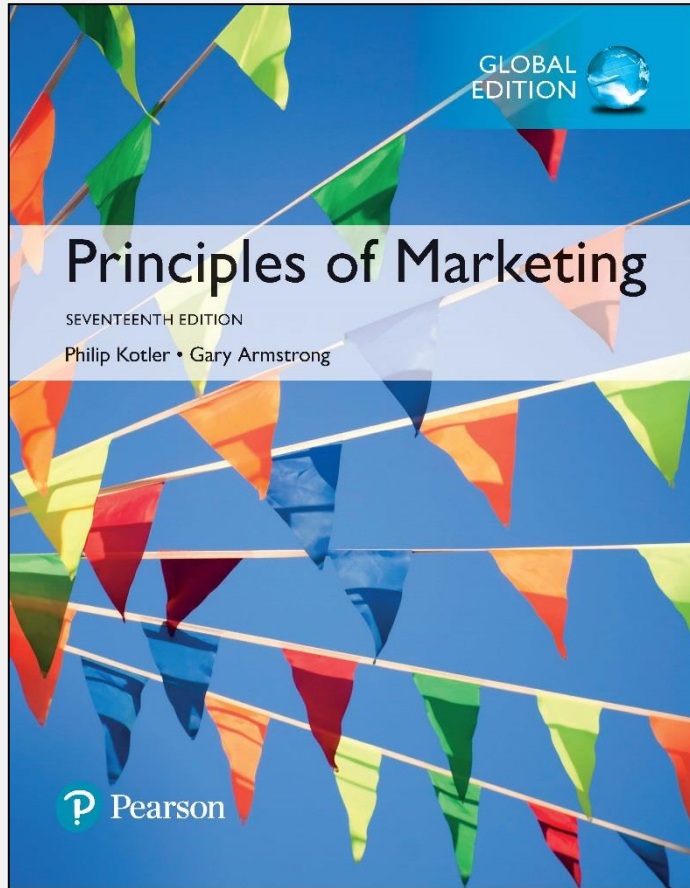
By Ajarn Suwalya K.

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Summer 2020

Principles of Marketing

Seventeenth Edition

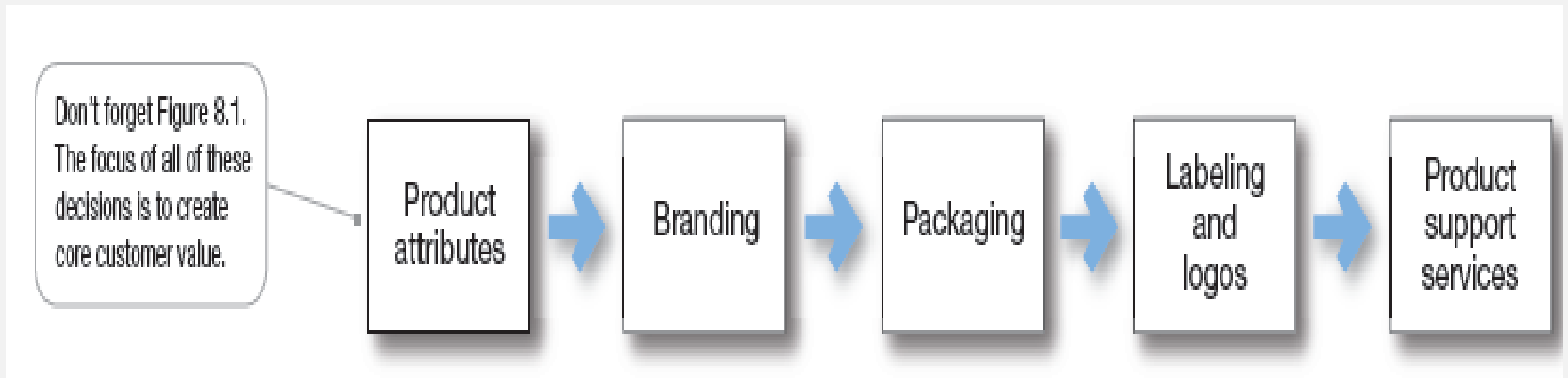


Chapter 8

Products, Services, and Brands: Building Customer Value

Product and Service Decisions

Figure 8.2 Individual Product Decisions



What is a brand?

What is a brand?

- ▶ For the American Marketing Association (AMA), a brand is a “name, term, sign, symbol, or design, or a combination of them, intended to **identify** the goods and services of one seller or group of sellers and to **differentiate** them from those of competition.”
- ▶ These different components of a brand that identify and differentiate it are **brand elements**.

What is a brand?

- Many practicing managers refer to a brand as more than that— as something that has actually created a certain amount ***of awareness, reputation, prominence***, and so on in the marketplace.

Brands vs. Products

- ▶ A *product* is anything we can offer to a market for **attention, acquisition, use, or consumption** that might satisfy a need or want.
- ▶ A *product* may be a physical good, a service, a retail outlet, a person, an organization, a place, or even an idea.

What is a Brand?



Top of Mind



Fast Food
Shampoo
Deodorant
Soft Drink
Cars

Can everything be branded?

- Ultimately a brand is **something that resides** in the minds of consumers.
- The key to branding is that consumers **perceive differences among brands** in a product category.
- Even **commodities can be branded**:
 - Coffee (Maxwell House), bath soap (Ivory), flour (Gold Medal), beer (Budweiser), salt (Morton), oatmeal (Quaker), pickles (Vlasic), bananas (Chiquita), chickens (Perdue), pineapples (Dole), and even water (Perrier)

What is branded?



Physical goods



Services



Retailers and distributors



Online products and services



People and organizations



Sports, arts, and entertainment



Geographic locations



Ideas and cause

Discuss branding strategy—the decisions companies make in building and managing their brands.

Brand Strategy: Building Strong Brands

Brand Equity and Brand Value

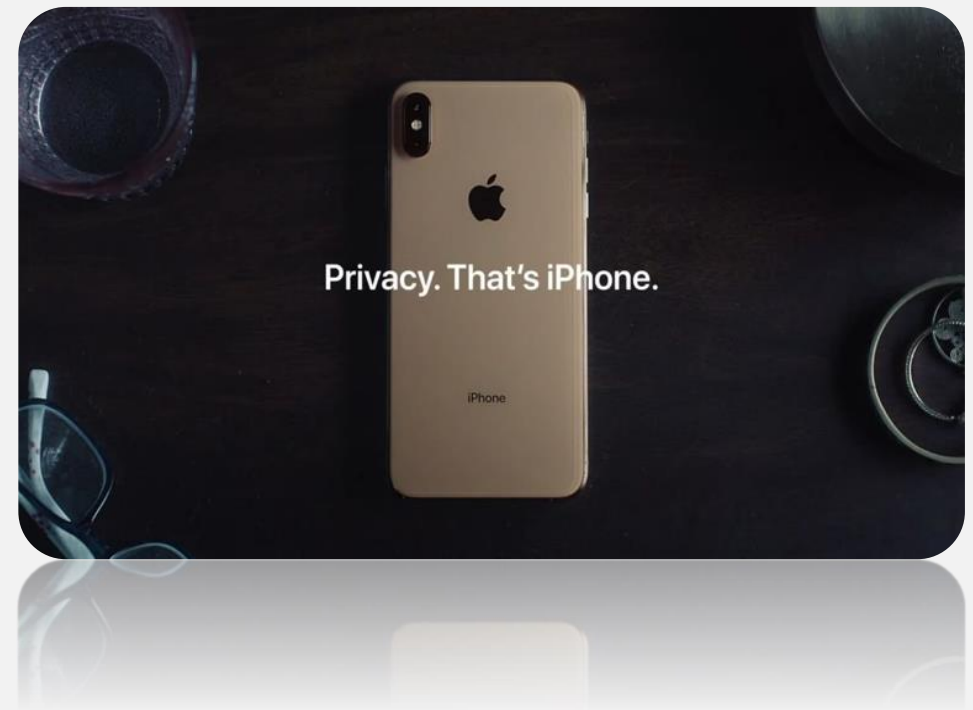
- **Brand equity** is the differential effect that knowing the brand name has on customer response to the product or its marketing.
- **Brand value** is the total financial value of a brand.

Brand Strategy: Building Strong Brands

Brand Equity and Brand Value

Brands are more than just names and symbols. They are a key element in the company's relationships with consumers. **Brands represent consumers' perceptions and feelings about a product and its performance—everything** that the product or the service *means* to consumers.

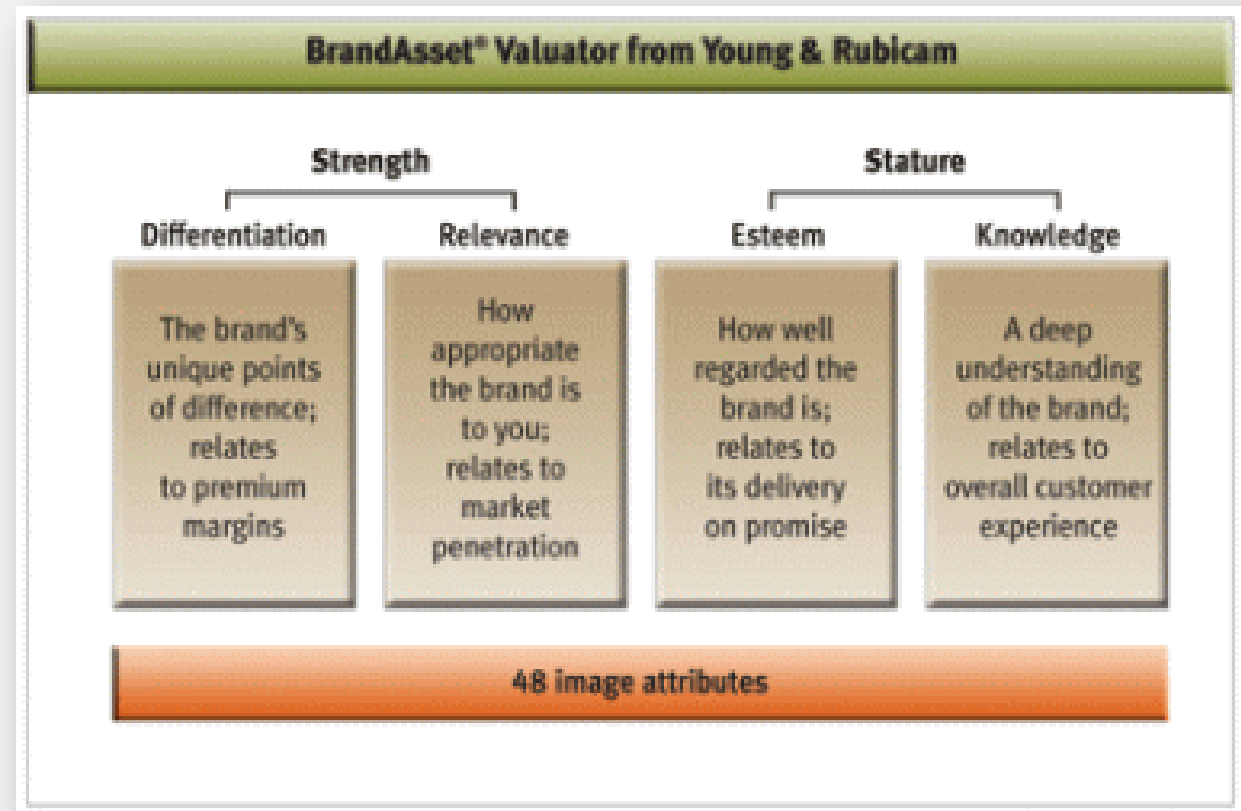
A powerful brand has high *brand equity*. It's a measure of the brand's ability to capture consumer preference and loyalty. A brand has positive brand equity when consumers react more favorably to it than to generic or unbranded products.



Brand Strategy: Building Strong Brands

Brand Equity and Brand Value

Ad agency Young & Rubicam's BrandAsset Valuator measures brand strength along four consumer perception dimensions: *differentiation*, *relevance*, *knowledge*, and *esteem*. Brands with strong brand equity rate high on all four dimensions.



Brand Strategy: Building Strong Brands

Brand Equity and Brand Value

Positive brand equity derives from consumer feelings about and connections with a brand.

Strong brands are built around an ideal of improving consumers' lives in some relevant way.



Brand Associations



What are the strongest brands?




















Brand Strategy: Building Strong Brands

Brand Equity and Brand Value

A brand with high brand equity is a very valuable asset. *Brand valuation* is the process of estimating the total financial value of a brand. Measuring such value is difficult. However, according to one estimate, the brand value of Apple is a whopping \$185 billion, with Google at \$113.6 billion, IBM at \$112.5 billion, McDonald's at \$90 billion, Microsoft at \$70 billion, and Coca-Cola at \$78.4 billion

Forbes Top 10 Most Valuable Brands

Rank ▲	Brand	Brand Value (\$bil)	1-Yr Value Change (%)	Brand Revenue (\$bil)	Company Advertising (\$mil)	Industry
1	 Apple	124.2	19	170.9	1,100	Technology
2	 Microsoft	63.0	11	86.7	2,300	Technology
3	 Google	56.6	19	51.4	2,848	Technology
4	 Coca-Cola	56.1	2	23.8	3,266	Beverages
5	 IBM	47.9	-5	99.8	1,294	Technology
6	 McDonald's	39.9	1	89.1	808	Restaurants
7	 General Electric	37.1	9	126.0	-	Diversified
8	 Samsung	35.0	19	209.6	3,818	Technology
9	 Toyota	31.3	22	182.2	4,200	Automotive
10	 Louis Vuitton	29.9	5	9.7	4,707	Luxury

	Rank	Brand/Category
-	1	 Samsung Consumer Electronics
↑	2	 Sony Consumer Electronics
↓	3	 Apple Consumer Electronics
-	4	 NESTLE Food
-	5	 Panasonic Consumer Electronics
↓	6	 LG Consumer Electronics
↑	7	 Nike Retail
↓	8	 Canon Consumer Electronics
-	9	 Chanel Retail
↓	10	 Adidas Retail

Top 10 brands in APAC based consumer survey

Source: Chandler Nguyen
A Digital Marketing & Technology Blog for SEA, Sept 2014

- “As you could see, Samsung is the number 1 brand across APAC. Samsung is also the number 1 brand in Singapore, Hong Kong, Indonesia, Malaysia, India, Australia, Korea, Thailand, the Philippines.

It is interesting to see quite a good balance of APAC origin brands vs international brands amongst the top 10.

From industry point of view, Consumer Electronics contributes 6/10 brands in the top 10, followed by Retail (3/10) and Food (1).”

Brand Value : 39.8 billion

Increase : 5%



We love to see you smile!

09

CUBE



Brand Strategy: Building Strong Brands

Brand Equity and Brand Value

A powerful brand forms the basis for building strong and profitable customer relationships.

The fundamental asset underlying brand equity is *customer equity*—the value of customer relationships that the brand creates.

Companies need to think of themselves not as portfolios of brands but as portfolios of customers.



Brand Strategy: Building Strong Brands

Brands are powerful assets that must be carefully developed and managed. As this figure suggests, building strong brands involves many challenging decisions.

Marketers need to position their brands clearly in target customers' minds. They can po-



● FIGURE | 8.5 Major Brand Strategy Decisions

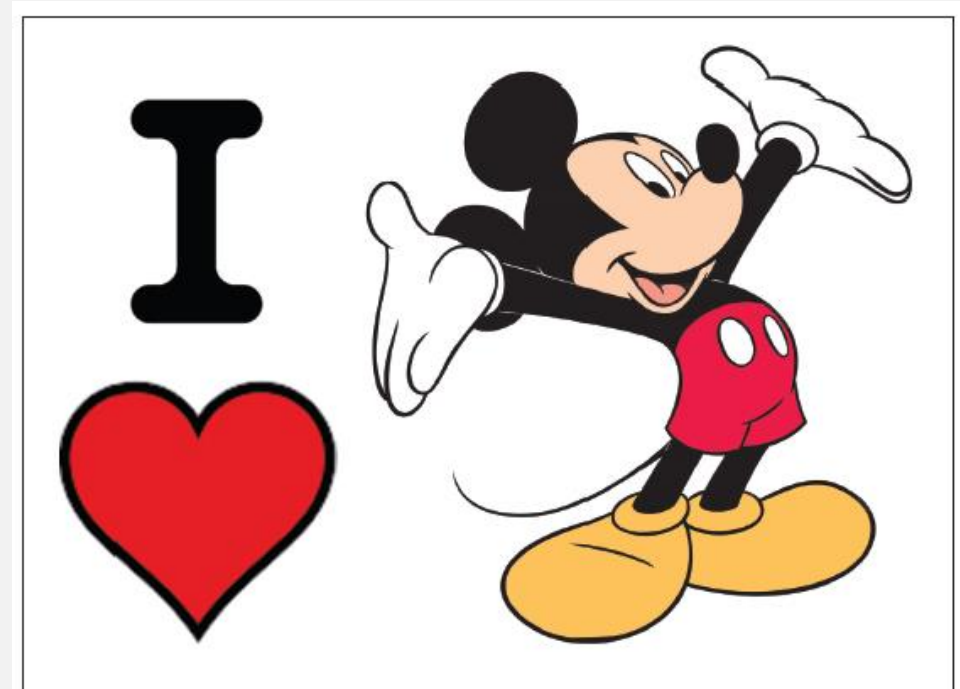
Brand Strategy: Building Strong Brands

Building Strong Brands

Brand Positioning

Marketers can position brands at any of three levels.

- Attributes
- Benefits
- Beliefs and values



● Brand positioning: Some brands—such as Disney—have become lovemarks, products or services that pack an emotional wallop and “inspire loyalty beyond reason.”

Art of Drawing / Alamy Stock Photo

Brand Positioning

- Pampers
 - Product attributes
 - Fluid absorption, fit, disposability
 - Product benefits
 - Skin-health benefits from dryness
 - Beliefs and values
 - Where we grow together, happy babies, baby development
 - **Lovemarks**



Successful brands engage customers on an **emotional** level, as does this ad, which suggests the connection that Pampers users concern their babies .

Brand Strategy: Building Strong Brands

- Marketers need to position their brands clearly in target customers' minds. They can position brands at any of three levels.
- At the lowest level, they can position the brand on **product attributes**. For example, P&G's Pampers' early marketing focused on attributes such as fluid absorption, fit, and disposability. Attributes are the least desirable level for brand positioning because competitors can easily copy attributes. Customers are not interested in what the attributes are—they are interested in what the attributes will do for them.





Brand Strategy: Building Strong Brands

- A brand can be better positioned by associating its name with a desirable ***benefit***. Thus, Pampers can go beyond technical product attributes and talk about the resulting containment and skin-health benefits from dryness.



The first and only diaper with new absorbent channels



Pampers®

For softness
and dryness
like no other

FLEX - Easy Tear Sides
Sides tear away quickly
and neatly

Comfortable Contoured Fit -
to trim fit between the legs

Extra Dry Layer -
Locks away wetness
for up to 12 hours



Engaging Characters -
fun characters to
entertain your baby

Brand Strategy: Building Strong Brands

- The strongest brands are positioned on strong ***beliefs and values, engaging customers on a deep, emotional level***. For example, Pampers is positioned as a “love, sleep, and play brand where we grow together” that’s concerned about happy babies, parent-child relationships, and total baby care.



Brand Strategy: Building Strong Brands

- Successful brands engage customers on a deep, emotional level. Brands ranging from Apple, Google, Disney, and Coca-Cola to Google and Pinterest have achieved this status with many of their customers. **Customers don't just like these brands, they have strong emotional connections with them and love them unconditionally.**
- When positioning a brand, the marketer should establish a mission for the brand and a vision of what the brand must be and do. A brand is the company's promise to deliver a specific set of features, benefits, services, and experiences consistently to buyers. The brand promise must be simple and honest




Pampers Rewards: Parents Club

Pampers by P&G - Diapers, Baby products & Rewards Shopping

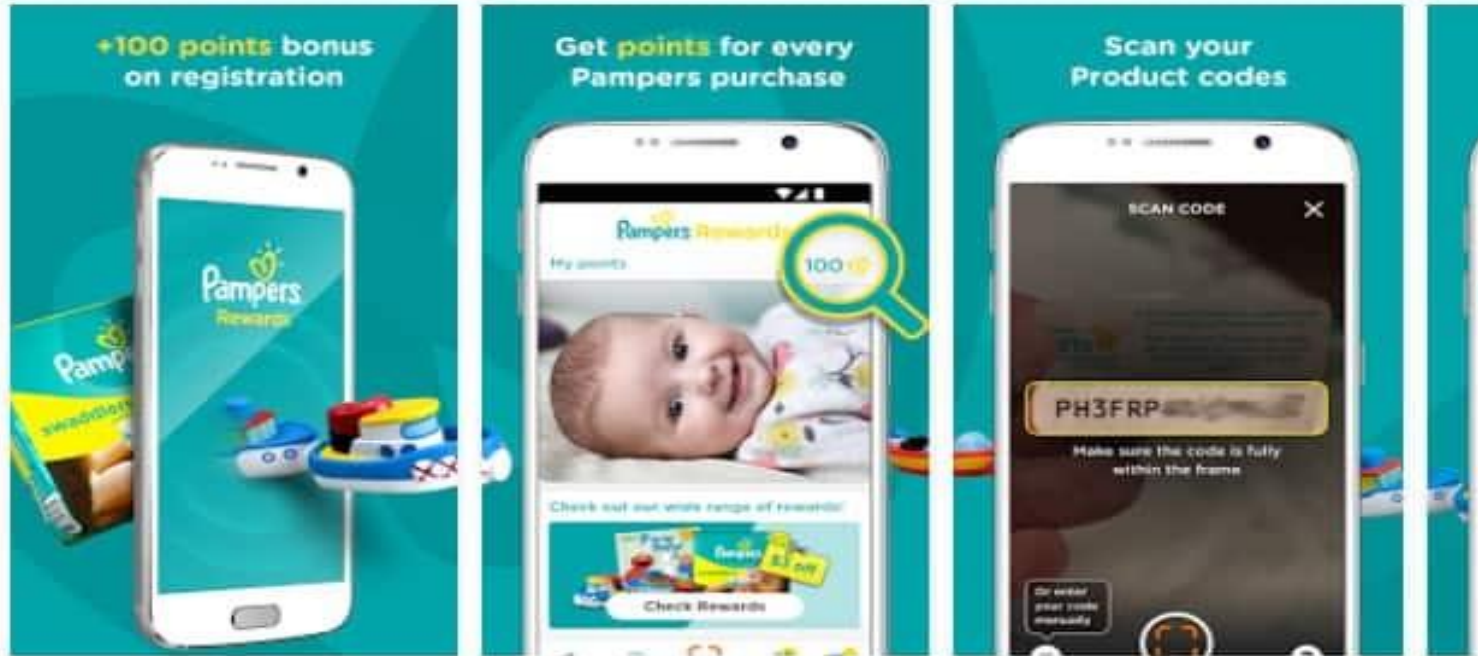
★★★★★ 3,122

E Everyone

i This app is compatible with some of your devices.

 Add to Wishlist

Install





Welcome to Pampers!

Dear Ryan,

Congratulations, you're now a Pampers member with VIP access to a world of benefits.



Coupons portal
Pampers members get exclusive access to coupons for Pampers products.
[View latest deals ▶](#)



Turn your Pampers purchases into fabulous rewards! Simply enter codes found on all Pampers packs to earn coupons, nursery essentials and more.
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Check your inbox for extra perks
We'll keep you in the loop with custom newsletters and special offers from our retail partners.

Brand Strategy: Building Strong Brands

-
- When positioning a brand, the marketer should establish a mission for the brand and a vision of what the brand must be and do. **A brand is the company's promise to deliver a specific set of features, benefits, services, and experiences consistently to buyers. The brand promise must be simple and honest**



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.

Brand Strategy: Building Strong Brands

- (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



THE STRONGEST...



THE MOST INNOVATIVE...



BEST BRAND EXPERIENCE...



THE MOST LOVED...



Methodology and Valuation by
KANTAR MILWARD BROWN

WPP



Brand Names gone xxxx



Brand Strategy: Building Strong Brands

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.

Brand Strategy: Building Strong Brands

- **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.

Brand Strategy: Building Strong Brands

- 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.





Brand Strategy: Building Strong Brands

- **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.

Brand Strategy: Building Strong Brands

- 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.
-

Brand Strategy: Building Strong Brands

- **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



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

Coca-Cola



Brand Strategy: Building Strong Brands

- **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

Colgate





Line Versus Brand Extensions



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



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





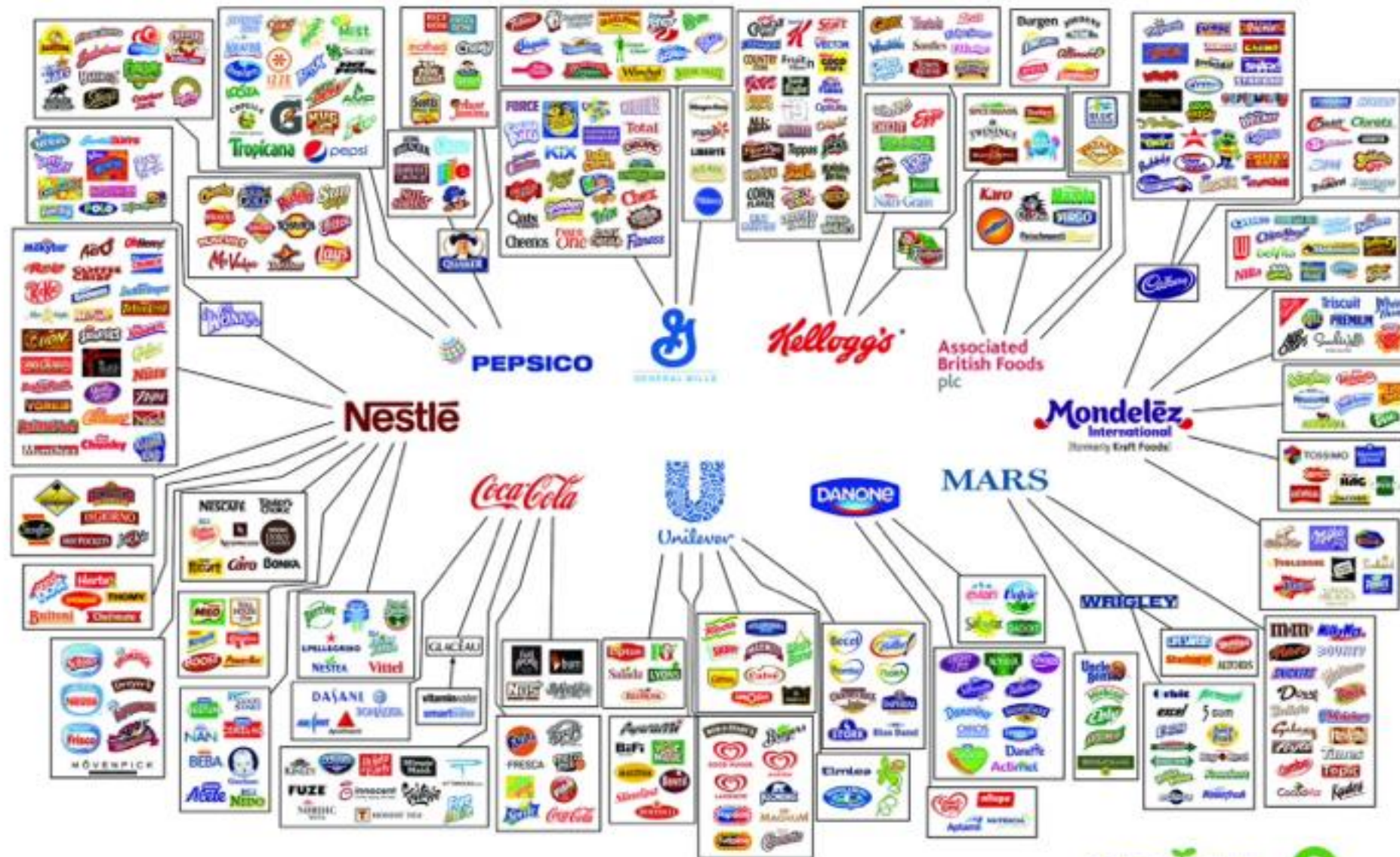
LINE EXTENSION

BRAND EXTENSION



Brand Strategy: Building Strong Brands

- **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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TechConnect

FedEx[®]
SupplyChain

FedEx[®]
SmartPost

FedEx[®]
MultiModal

FedEx[®]
Trade Networks



Brand Strategy: Building Strong Brands

- **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.

THE WORLD IS YOUR STAGE. MAKE IT A **MEMORABLE PERFORMANCE.**

Introducing the All-New 2013 L^{EX}S F SPORT. You open the door and the distinctive interior as you see the hand-crafted leather-trimmed interior, sport seats, and premium speakers. Then the exhilaration in performance awaits. It's not longer after starts, 0-60* in 5.8 seconds. It's the exhilaration in performance awaits. It's not longer after starts, 0-60* in 5.8 seconds. It's the exhilaration in performance awaits. It's not longer after starts, 0-60* in 5.8 seconds.

Lexus
LEXUS

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Brand Strategy: Building Strong Brands

- 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.



