

# BRAND MANAGEMENT (MARK3092)

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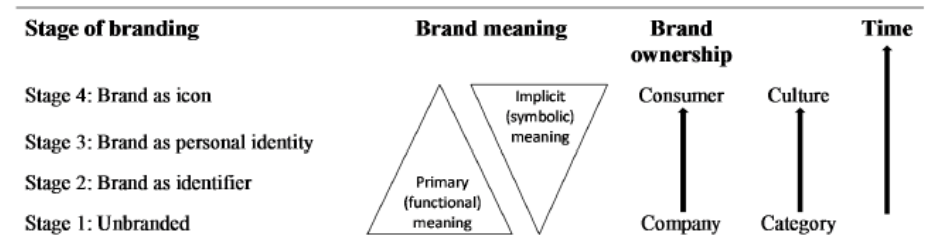
# Lecture 1: Fundamentals of Brand Management

## General Notes

Formula to describe a brand:

**Product + Identity + Image = Brand**

- **Brand identity:** a unique set of brand associations that represent what a brand stands for.
  - The visual and verbal articulation of a brand.
  - Includes: brand name, logo, letterhead, business card, packaging, website, and any other application pertinent to a particular brand.
- **Brand image** consists of:
  - **Types** of brand associations
    - **Attributes** (Product related: colour, size, design features; Non-Product related: price, packaging, user and user imager)
    - **Benefits** (Functional, Symbolic, Experiential)
    - **Overall Evaluation** (Attitude)
  - **Favourability, Strength, and Uniqueness** of brand associations
- **Brand essence** is a short expression of the most important aspects of a brand and its core brand associations
- **Types of brands:**
  - Personal (KFC, Dell)
  - Image (Nike, Apple, Gucci)
  - Experiential (Disney)
- **The evolving brand logic**
  - We are in the stakeholder-focus brand era
  - It is not what can we do for you but what can we do with you
  - All stakeholders are operant resources
- **The brand meaning evolution model**



Source: Adapted from Batey (2008)

## • The brand resonance pyramid model



Source: How brands work: brand building model (Keller, 2013, p. 108)

- **Brand knowledge** is defined in terms of two components: brand awareness and brand image
  - **Brand awareness** relates to brand recall and recognition performance by consumers
  - **Brand image** refers to the set of associations linked to the brand that consumers hold in memory

## Key Reading 1: Building Strong Brands

### Building strong brands in a modern marketing communications environment (Keller, 2009)

- Abstract
  - Marketers must build and manage their brands in a dramatically changing marketing communications environment
  - Keller proposes the **customer-based brand equity model** that emphasises the importance of understanding consumer brand knowledge structures
  - The **brand resonance pyramid** is a means to track how marketing communications can create intense, active loyalty relationships and affect brand equity
  - According to this model, **integrated marketing communications** involves mixing and matching different communication options to establish the desired awareness and image in the minds of consumers
- Introduction
  - Technology and the Internet are fundamentally changing the way the world interacts and communicates
  - Branding has become a key marketing priority for most companies
  - Traditional approaches are questionable in a marketplace where consumers have access to massive amounts of information about brands, products and companies, and social networks have, in some cases, supplanted brand networks

#### The role of branding

- **Brand equity** is defined in terms of the marketing effects uniquely attributable to a brand
- These effects arise from the 'added value' endowed to a product as a result of past investments in the marketing for the brand
- There are a wide range of benefits:
  - Improved perceptions of product performance;
  - Greater customer loyalty

- Less vulnerability to competitive marketing actions and marketing crises
- Larger margins
- More elastic customer response to price decreases and inelastic customer response to price increases
- Greater trade or intermediary cooperation and support
- Increased marketing communication effectiveness
- Additional licensing and brand extension opportunities
- Key benefit of building a strong brand is **increased marketing communication effectiveness**
  - Consumers process communications more favourably and have a greater ability to later recall the communications
  - Brand equity is thus central to the way advertising works
- To build a strong brand, the right knowledge structures must exist in the minds of actual or prospective consumers so they respond positively to marketing activities. Marketing communications play a key role in shaping these knowledge structures.

#### The changing marketing communications environment

- **Marketing communications** are the means by which firms attempt to inform, persuade and remind consumers, directly or indirectly, about the products and brands they sell
- **The marketing communications mix**: eight major modes of communication. First four are mass media while the latter four are more personal modes of communication

##### Mass media communication

- (1) Advertising
- (2) Sales promotion
- (3) Events and experiences
- (4) Public relations and publicity

##### Personal modes of communication

- (5) Direct marketing
- (6) Interactive marketing
- (7) Word-of-mouth marketing
- (8) Personal selling

- **Function of marketing communications**: tell or show consumers how and why a product is used; link brands to other people, places, events, brands,

experiences, feelings and things; create experiences and build communities; contribute to brand equity; and drive sales.

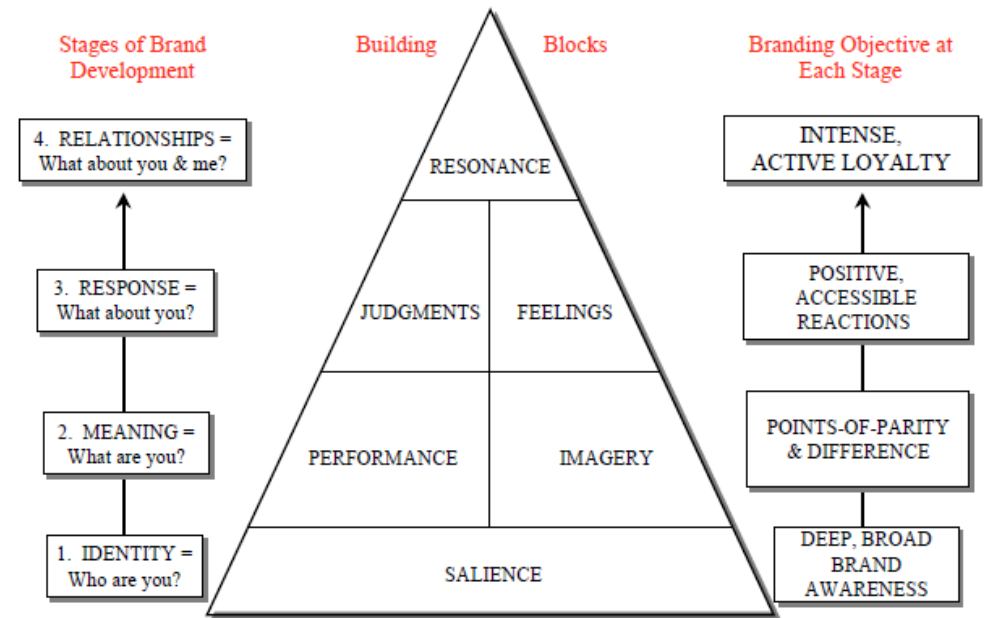
- **Increasingly tough communication environment** – dramatic changes in the internet and technology have eroded the effectiveness of mass media
  - Decline of TV advertising – fragmentation of US audiences and the media used to reach them
  - **New media environment – the consumer is increasingly in control**

#### The customer-based brand equity model (CBBE)

- The power of the brand lies in the minds of customers and the meaning that the brand has achieved in the broadest sense
- **Brand equity** is fundamentally determined by the brand knowledge created in consumers' minds by marketing activities
- **Brand knowledge** is not about the facts of the brand but the thoughts, feelings, perceptions, images, experiences etc. linked to the brand in the minds of consumers

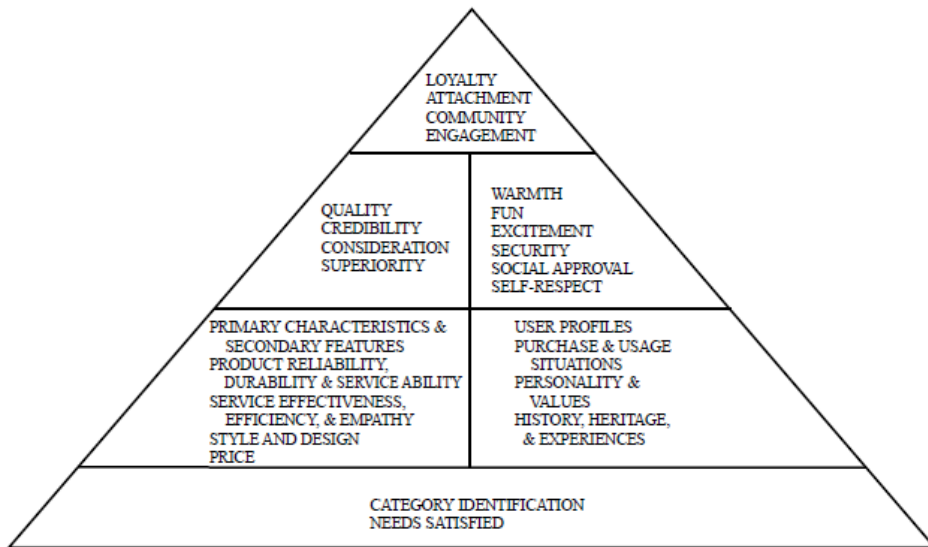
#### The brand resonance pyramid

- The CBBE model has been extended to address how brands should be built in terms of consumer knowledge structures
- CBBE model views brand building as an ascending series of steps:
  - (1) Ensuring **identification** of the brand with customers and an association of the brand in customers' minds with a specific product class or customer need;
  - (2) Firmly establishing the totality of brand **meaning** in the minds of customers by strategically linking a host of tangible and intangible brand associations;
  - (3) Eliciting the proper customer **responses** in terms of brand-related judgment and feelings; and
  - (4) Converting the brand response to create an intensive, active loyalty **relationship** between customers and the brand
- The CBBE model emphasises the duality of brands: the rational route to brand building is on the LHS and the emotional route is on the RHS
- The creation of significant brand equity requires reaching the pinnacle of the brand resonance pyramid which only occurs when the right building blocks are in place



#### The building blocks of the brand resonance pyramid

- **Brand salience:** how easily and often customers think of the brand under various purchase or consumption situations
- **Brand performance:** how well the product or service meets customers' functional needs
- **Brand imagery:** the extrinsic properties of the product or service, including the way in which the brand attempts to meet customers' psychological or social needs
- **Brand judgements:** customers' own personal opinions and evaluations
- **Brand feelings:** customers' emotional responses and reactions with respect to the brand
- **Brand resonance:** the nature of the relationship customers have with the brand and the extent to which they feel they're 'in sync' with the brand
  - Resonance reflects the intensity or depth of the psychological bond that customers have with the brand, as well as the level of activity engendered by this loyalty



- **Brand resonance has four dimensions**

- (1) **Behavioural loyalty**: customers' repeat purchases and the amount or share of category volume attributed to the brand
- (2) **Attitudinal attachment**: when customers view the brand as being something special in a broader context
- (3) **Sense of community**: when customers feel a kinship or affiliation with other people associated with the brand
- (4) **Active engagement**: when customers are willing to invest personal resources into the brand beyond those expended during purchase or consumption of the brand

- **Creating brand resonance**

- According to the CBBE model, resonance is most likely to result when marketers have created:
  - Proper salience and breadth and depth of awareness;
  - Firmly established points-of-parity and points-of-difference;
  - Positive judgments and feelings that appeal to the head and the heart.

## Marketing communication effects on brand equity

- Marketing communications affect brand equity and drive sales in many ways:
  - Create awareness of the brand;
  - Link the right associations to the brand image in consumers' memory;
  - Elicit positive brand judgments or feelings;
  - Facilitate a stronger consumer-brand connection
- Developing the marketing communications mix
  - Marketing communications must be integrated to deliver a consistent message and achieve strategic positioning
  - Marketers must assess which experiences and impressions will have the most influence at each stage of the buying process.
- **Integrated marketing communications (IMC) program**
  - Several factors to consider in developing the marketing communications mix: type of product marketing, consumer readiness to make a purchase, stage in product life cycle, and brand's market share and positioning
  - Marketers should be **media neutral** – evaluate all possible communication options in terms of efficiency and effectiveness
  - Anything that causes a consumer to pay attention to the brand can increase brand awareness, at least in terms of brand recognition. Brand recall may require more intense and elaborate processing.
  - Marketers should '**mix and match**' **communication options** to build brand equity – choose a variety of different communication options that share common meaning and content but also offer different, complementary advantages so that the whole is greater than the sum of its parts
- **Interactive marketing communications**
  - List of some interactive marketing communication options:
 

(1) Websites	(7) Sponsorships
(2) Microsites	(8) Alliances
(3) Search ads	(9) On-line communities
(4) Display ads	(10) E-mail
(5) Interstitials (pop ups)	(11) Mobile Marketing
(6) Internet-specific ads and videos	

- **Advantages**
  - Tailored messages that can engage different segments of consumers by reflecting special interests and behaviour
  - Contextual placement of ads
  - High accountability – effects can easily be traced
- **Disadvantages**
  - Customers define the rules of engagement and can insulate themselves with the help of agents and intermediaries
  - Marketers lose control over what customers will do with their on-line messages and activity
  - Traditional media can offer greater control in that the message is more clearly formulated and expressed
- **Interactive marketing communications and brand resonance**
  - The power of interactive marketing communications as a brand building tool is its **versatility** – it can positively impact every aspect of the brand resonance pyramid
  - **Salience**
    - Interactive marketing can improve both the breadth and depth of brand awareness.
    - Internet permits very specific targeting of potentially difficult to reach groups; especially effective at reaching people during the day
    - Key advantage is being able to reach customers as they seek information, heightening awareness at potential purchase opportunities
  - **Performance and imagery**
    - Can help establish a number of key performance and imagery points-of-parity and points-of-difference versus competitors
    - Websites are able to convey rich information, comparisons, and help establish brand personality by its tone and creative content.
  - **Judgment and feelings**
    - Can deliver sight, sound, and motion; thus can create and impact experience enduring feelings.
  - **Resonance**

- Most useful in terms of creating resonance in that it permits daily or frequent encounters and feedback opportunities
- **Active engagement** – consumers can learn from and teach each other about the brand, express their commitment and observe the brand loyalty of others
- **Integrating interactive marketing communications**
  - Marketers must take a micro and macro perspective.
  - Must ensure that, in a micro sense their interactive marketing communication activities are designed to be as effective and efficient as possible.
  - Must ensure, in a macro sense, that they are well integrated with other on-line marketing communication activities as well as off-line activities
  - Six criteria in developing the most effective and efficient marketing communication program:
    - (1) **Coverage**: the proportion of the audience that is reached by each communication option employed
    - (2) **Contribution**: the inherent ability of a marketing communication to create the desired response and effects from consumers in absence of exposure to any other communication option
    - (3) **Commonality**: the extent to which common associations are reinforced across communication options
    - (4) **Complementarity**: the extent to which different associations and linkages are emphasised across communication options
    - (5) **Versatility**: the extent that a marketing communications option is robust and effective for different groups of consumers
    - (6) **Cost**

## Discussion

- **Summary**
  - The **marketing communications environment** has changed dramatically resulting in new challenges to marketers to build and manage their brands
  - **CBBE model** emphasises the importance of understanding brand knowledge structures
  - The **brand resonance pyramid** is a means to track how marketing