Chapter 8
Creating Brand Equity

Chapter Questions
- What is a brand, and how does branding work?
- What is brand equity, and how is it built, measured, and managed?
- What are the important decisions in developing a branding strategy?

Brand
- A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

• Terminologies:
  - Branding
  - Brand Equity
  - Brand promise
The Role of Brands

- Identify the maker
- Simplify decision making and reduce risk
- Simplify product handling and tracing
- Organize inventory and accounting
- Offer legal protection
- Signify quality
- Create barriers to entry
- Secure a competitive advantage
- Secure price premium

Breakthrough Marketing: Procter & Gamble

*P&G’s secret to success:*

Market research

Product innovator

Effective brand management

Brand Equity

- **Brand equity**—the added value endowed on products and services, reflected in how customers think, feel, and act with respect to the brand, as well as in the prices, market share, and profitability the brand commands for the firm.
- **Customer-based brand equity**—the differential effect that brand knowledge has on consumer response to that brand’s marketing.
  - Arises from customer response.
  - Differences in response are a result of brand knowledge.
  - Differential response is reflected in perceptions, preferences, and behaviors related to the brand’s marketing.
Marketing Advantages of Strong Brands

- Improved perceptions
- Greater loyalty
- Less vulnerable to competitors
- Less vulnerable to crises
- Larger margins
- More inelastic responses to price increases
- More elastic responses to price decreases
- Greater trade cooperation
- Increased marketing communication effectiveness
- Possible licensing opportunities
- Brand extension opportunities

Brand Equity Drivers

- Brand elements
- Marketing activities
- Meaning transference

Criteria for Choosing Brand Elements

Building the Brand
- Memorable
- Meaningful
- Likeability

Defending the Brand
- Transferable
- Adaptable
- Protectible
Designing Holistic Marketing Activities

- **Personalization**—ensuring that the brand and its marketing are as relevant as possible to as many customers as possible.
- **Integration**—mixing and matching marketing activities to maximize their individual and collective efforts.
- **Internalization**—ensuring employees and marketing partners understand basic branding notions and know how they can help (or hurt) brand equity.

Leveraging Secondary Associations

- Linking the brand to other information in memory that conveys meaning to consumers.

Measuring & Managing Brand Equity

- Brand audit
- Brand tracking
- Brand valuation
- Brand reinforcement
- Brand revitalization
Brand Strategy and Customer Equity

- Develop new brand elements.
- Apply existing brand elements.
- Use a combination of old and new brand elements.

Table 8.3: Branding New Products

- Brand extension
- Sub-brand
- Parent brand
- Family brand
- Line extension
- Category extension
- Brand line
- Brand mix
- Branded variants
- Licensed product

Branding Decisions

- Individual names
- Blanket family names
- Separate family names for all products
- Corporate name, combined with individual product names
Brand Extensions

**Advantages**
- Improved odds of success
- Positive consumer expectations
- Retailer support
- Leverage current brand awareness
- Reduced cost of the launch campaign
- Feedback benefits

**Disadvantages**
- Brand dilution
- Risk to brand integrity
- Risk of harm to parent brand
- Cannibalization
- Lost opportunity to create a new brand

Reasons for Multiple Brands in Portfolio

- To increase shelf presence and retailer dependence
- To attract consumers seeking variety
- To increase internal competition
- To yield economies of scale

Brand Roles in a Brand Portfolio

- Flankers—“fighter” brands.
- Cash cows—“milk” these brands because they are profitable.
- Low-end entry level—attract customers to the franchise.
- High-end prestige—high-priced brand used to add prestige and credibility.