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.

The Role of Brands

• Identify the maker
• Simplify product handling
• Organize accounting
• Offer legal protection

The Role of Brands

• Signify quality
• Create barriers to entry
• Serve as competitive advantage
• Secure price premium

Marketing Advantages of Strong Brands

• Improved perceptions
• Greater loyalty
• Less vulnerable to competition
• Less vulnerable to crises
• Larger margins
• More inelastic response to price increases
• More elastic response to price decreases
• Greater trade cooperation
• Increased marketing communications
• Possible licensing opportunities
• Brand extension opportunities
Branding

Endowing products and services with the power of a brand

Brand Equity

The added value endowed to products, reflected in how consumers think, feel, and act with respect to the brand, as well as the prices, market share, and profitability that the brand commands for the firm

Brand Equity

• Brand equity arises from differences in consumer response to the brand
• Differences in response are a result of brand knowledge
• Differential response is reflected in perception, preferences, and behavior related to the marketing of the brand

Brand Promise

The marketer’s vision of what the brand must be and do for consumers

Brand Associations

• Brand associations should be:
  • Strong
  • Unique
  • Favorable

Drivers of Brand Equity

• Brand elements
• Marketing activities
• Meaning transference
Brand Elements

- Brand names
- Slogans
- Characters
- URLs
- Logos
- Symbols

Brand Element Choice Criteria

Building the Brand
- Memorable
- Meaningful
- Likeability

Defending the Brand
- Transferable
- Adaptable
- Protectible

Slogans

- Like a good neighbor, State Farm is there
- Just do it
- Nothing runs like a Deere
- Help is just around the corner
- Save 15% or more in 15 minutes or less
- We try harder
- We'll pick you up
- Nextel–Done
- Zoom Zoom
- I'm lovin' it
- Innovation at work
- This Bud's for you
- Always low prices

Designing Holistic Marketing Activities

- Personalization
- Integration
- Internalization

Measuring Brand Equity

- Brand audits
- Brand tracking
- Brand valuation

Managing Brand Equity

- Brand reinforcement
- Brand revitalization
- Brand crises
Devising a Branding Strategy

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

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

Brand Naming

• Individual names
• Blanket family names
• Separate family names
• Corporate name-individual name combo

Brand Extensions

Advantages
• Improved odds of success
• Development of positive consumer expectations
• Access to retailer support
• Leverage of current brand awareness
• Economies of scale advertising, packaging, distribution

Disadvantages
• Dilution of brand name
• Risk to brand integrity
• Risk of harm to parent brand
• Cannibalization of parent brand
• Lost opportunity to create 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
• Low-end
• Entry-level

Cash Cows
• High-end
• Prestige