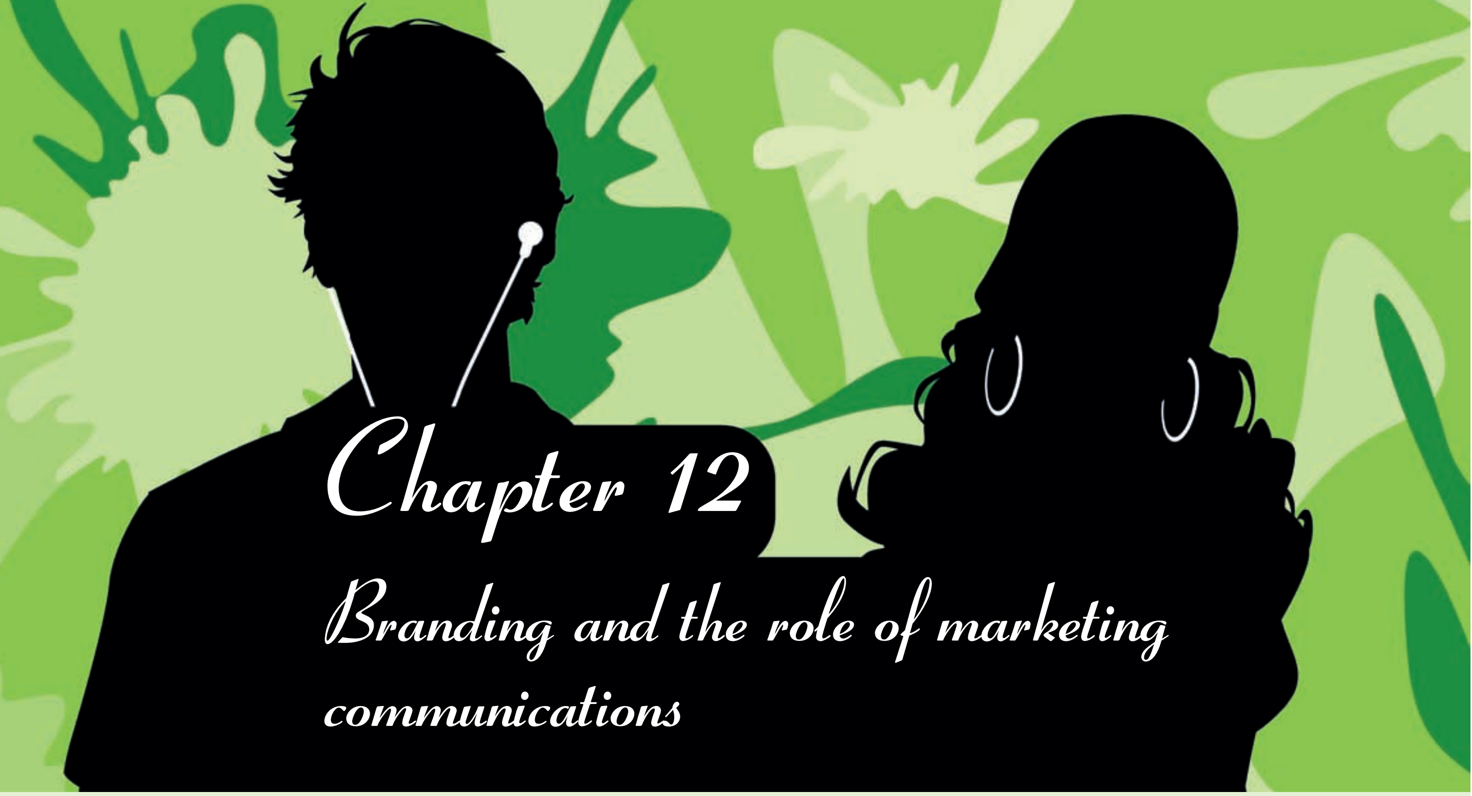

# Chapter 12

# Branding and the role of marketing communications

The images, associations and experiences that customers make with brands, and the brand identities that managers seek to create, need to be closely related if long-run brand purchasing behaviour is to be achieved. Marketing communications can play an important and integral part in the development of positive brand associations that have meaning and purpose for customers.

## Aims and learning objectives

The aims of this chapter are to explore the nature and characteristics of branding and to identify the way in which marketing communications can be used to develop and maintain brands that engage their respective target audiences.

The learning objectives of this chapter are to:

1. introduce and explore the nature of branding;
2. examine the common characteristics of brands;
3. determine the benefits to both buyers and owners of brands;
4. identify the different types of brands and the relationships they can have with the parent organisation;
5. appreciate the strategic importance of brands;
6. understand the way in which marketing communications can be used to build and support brands;
7. explain the role of branding in business-to-business markets;
8. explore some of the issues associated with branding online and in virtual brand communities;
9. appraise the nature and characteristics of brand equity.

For an applied interpretation see Sofia Daskou and Peter Zissou's MiniCase entitled ***Rebranding Greek ice-cream: the case of Nestlé ice-cream*** at the end of this chapter.

# Introduction

Successful brands create strong, positive and lasting impressions, all of which are perceived by audiences to be of value to them personally. Individuals perceive brands without having to purchase or have direct experience of them. The elements that make up this impression are numerous, and research by Chernatony and Dall'Omo Riley (1998a) suggests that there is little close agreement on the definition of a brand. They identified 12 types of definition; among them is the visual approach adopted by Assael (1990), that a brand is the name, symbol, packaging and service reputation. The differentiation approach is typified by Kotler (2000), who argues that a brand is a name, term, sign, symbol or design or a combination of these intended to identify the goods or services of one seller or group of sellers, and to differentiate them from those of competitors.

Successful brands create strong, positive and lasting impressions.

What these researchers have identified is that brands are a product of the work of managers who attempt to augment their products with values and associations that are recognised by, and are meaningful to, their customers. In other words, brands are a composite of two main constructs, the first being an identity that managers wish to portray and the second being images, construed by audiences, of the identities they perceive. The development of Web 2.0 and user-generated-content in the form of blogs, wikis and social networks have added a new dimension to the managerial-driven perspective of brands. Consumers are assuming a greater role in defining what a brand means to them and now they are prone to sharing this with their friends, family and contacts rather than with the organisation itself. As Gray (2006) points out, this means that brand managers have reduced levels of influence over the way their brands are perceived and this in turn impacts on the influence they have managing corporate reputation.

It is important, therefore, to recognise that both managers and customers are involved in the branding process. In the past the emphasis and control of brands rested squarely with brand owners. Today, this influence has shifted to consumers as they redefine what brands mean to them and how they differentiate among similar offerings and associate certain attributes or feelings and emotions with particular brands.

The influence has shifted to consumers as they redefine what brands mean to them.

Consistent quality, fulfilled brand promises and customer satisfaction through time can help buyers to learn to trust a brand. This may lead customers to prioritise a brand within their evoked set for that product category. The acceptance of buyers as active problem-solvers means that branding can be seen as a way in which buyers can reduce the amount of decision-making time and associated perceived risk. This is because brand names provide information about content, taste, durability, quality, price and performance, without requiring the buyer to undertake time-consuming comparison tests with similar offerings or other risk-reduction approaches to purchase decisions. In some categories, brands can be developed through the use of messages that are entirely emotional or image-based. Many of the 'products' in FMCG categories base their communications on imagery, assuming low involvement and the use of peripheral cues. Other sectors, such as cars or pharmaceuticals, require rational, information-based messages supported by image-based messages (Boehringer, 1996). In other words, a blend of messages may well be required to achieve the objectives and goals of the campaign.

Branding is a task that requires a significant contribution from marketing communications and is a long-term exercise. Organisations that cut their brand advertising in times of recession reduce the significance and power of their brands. The Association of Media Independents claims, not surprisingly, that the weaker brands are those that reduce or cut their advertising when trading conditions deteriorate.

In line with moves towards integrated marketing communications and media-neutral planning (see Chapter 9), many organisations are moving the balance of their communication mix away from an emphasis on advertising (especially offline)

Many organisations are moving the balance of their communication mix away from an emphasis on advertising.

towards the other tools and media. For example, mobile phone companies have used advertising to develop brand awareness and positioning and have then used sales promotion and direct marketing activities to provide a greater focus on loyalty and reward programmes. These companies operate in a market where customer retention is a problem. Customer loss (or churn rate) used to exceed 30 per cent and there was a strong need to develop marketing and communications strategies to reduce this figure and provide for higher customer satisfaction levels and, from that, improved profitability.

## Brand characteristics

The essence of a strong brand is that it is sufficiently differentiated to the extent that it cannot be easily replicated by its competitors. This level of differentiation requires that a brand possess many distinctive characteristics and to achieve this it is important to understand how brands are constructed.

Brands consist of two main types of attributes: intrinsic and extrinsic.

Brands consist of two main types of attributes: intrinsic and extrinsic. Intrinsic attributes refer to the functional characteristics of the product such as its shape, performance and physical capacity. If any of these intrinsic attributes were changed, it would directly alter the product. Extrinsic attributes refer to those elements that are not intrinsic and if changed do not alter the material functioning and performance of the product itself: devices such as the brand name, marketing communications, packaging, price and mechanisms that enable consumers to form associations that give meaning to the brand. Buyers often use the extrinsic attributes to help them distinguish one brand from another because in certain categories it is virtually impossible for them to make decisions based on the intrinsic attributes alone.

Biel (1997) refers to brands being composed of a number of elements. The first refers to the functional abilities a brand claims and can deliver. The particular attributes that distinguish a brand are referred to as brand skills. He refers to cold remedies and their skill to relieve cold symptoms, for 6 hours, 12 hours or all day.

The second element is the personality of a brand and its fundamental traits concerning lifestyle and perceived values, such as being bland, adventurous, exciting, boring or caring. The idea of brand personification is not new, but it is an important part of understanding how a brand might be imagined as a person and how the brand is different from other brands (people). Linda Barker endorses the DFS brand and, in doing so, makes a strong measure of association between the DFS brand (and its values) and the effervescent personality of the designer and TV presenter.

### ViewPoint 12.1 Luxury brands

The focus of luxury brand communications is not on the intrinsic but on the extrinsic attributes. Strategies are often based on developing brand-name associations that appeal to the aspirational needs and social and psychological motivations of the target audiences.

Luxury brands such as Dior, Rolex, Gucci, Cartier and Donna Karan have been developed mainly through a combination of advertising, public relations, craftsmanship, word-of-mouth and a touch of mythology. For example, 'I found this material in a Scandinavian shop in Bath', claimed shoe designer Manolo Blahnik.

In order to grow and to reach new target markets, luxury brands are faced with a dilemma. They can lower their prices to attract new customers, but this threatens to impact the perception of the main brand by undermining its values and reputation, the one important point of differentiation that has made the brand successful.


Exhibit 12.1 Luxury brand – Gucci
SCPhotos/Alamy.


Exhibit 12.2 Luxury brand – Dior
Gianni Muratore/Alamy.

The route forward is to introduce sub-brands that cannot be seen to be part of the main brand. Thus, Klein Cosmetics splits its business into two, classic brands and the CK franchise line that includes CkOne and CkB fragrances. Tudor is a sub-brand of Rolex and Donna Karan uses Signature and DKNY as associate labels (see Exhibit 12.1).

Sources: Various including Brooke and Nottage (2008); Lovett (2008).

## Question

To what extent can luxury brands be personified?

## Task

Choose a luxury brand and try to collect as many communication artefacts relating to that brand as you can. Now, perform a mini content analysis to isolate core approaches and branding approaches.

The third branding element is about building a relationship with individual buyers. People are said to interact with brands. A two-way relationship can be realistically developed when it is recognised that the brand must interact with the consumer just as much as the consumer must interact with the brand. Blackston (1993) argues that successful branding depends on consumers' perceptions of the attitudes held by the brand towards them as individuals. He illustrates the point with research into the credit card market, where different cards share the same demographic profile of users and the same conventional brand images. Some cards provide recognition or visibility of status, which by association are bestowed upon the owner in the form of power and authority. In this sense the card enhances the user. This contrasts with other cards, where the user may feel intimidated and excluded from the card because as a person the attitudes of the card are perceived to be remote, aloof, condescending and hard to approach. For example, respondents felt the cards were saying, 'If you don't like the conditions, go and get a different card', and 'I'm so well known and established that I can do as I want.'

The implications for brand development and associated message strategies become clearer. In line with this thinking, Biel cites Fournier (1995), who considers brand/consumer relationships in terms of levels of intimacy, partner quality, attachment, interdependence, commitment and love.

Biel sees brands as being made up of three elements: brand personality, brand skills and brand relationships.

Therefore, Biel sees brands as being made up of three elements: brand personality, brand skills and brand relationships. These combine to form what he regards as 'brand magic', which underpins added value.

A more recent approach to brand development work involves creating a brand experience. Tango was an early pioneer of this approach. They used roadshows to create indirect brand-related experiences, such as bungee jumping, trampolining and other out-of-the-norm activities. FujiFilm underpin a great deal of their UK marketing communications on events, if only because they provide opportunities to provide direct experiences, in this case of the features and benefits of Fujifilm's brand values. Their events are grouped under three main headings exhibitions, product launches and sponsorship. The first two of these enable contact with trade customers and consumers, who can handle the products and become immersed in the brand. They can also provide direct feedback.

Kapferer (2004) refers to a brand identity prism and its six facets (see Figure 12.1). The facets to the left represent a brands-outward expression, while Kapferer argues that those to

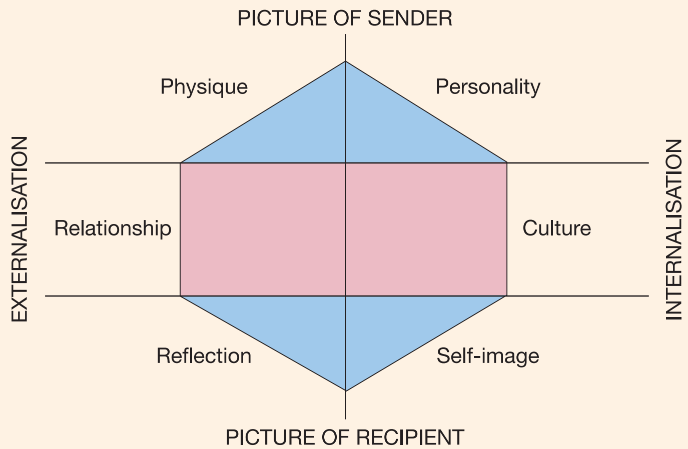


Figure 12.1 Brand identity prism
Source: Kapferer (2004). Used with permission.

Table 12.1 Brand facets

| Brand facet | Explanation |
|---|---|
| Physique | Refers to the main physical strength of the brand and its core added value. What does the brand do and what does it look like? E.g. the Coca-Cola bottle. |
| Personality | Those human characteristics that best represent the identity, best understood by the use of celebrity spokespersons who provide an instant personality. |
| Culture | A set of values that are central to a brand's aspirational power and essential for communication and differentiation. |
| Relationship | A brand's relationship defines the way it behaves and acts towards others. Apple exudes friendliness, IBM orderliness and Nike provocation. Important in the service sector. |
| Customer reflection | Refers to the way customers see the brand . . . for old people, for sporty people, clever people, people who want to look younger. This is an outward reflection. |
| Self-image | Refers to how an individual feels about themselves, relative to the brand. This is an inner reflection. |

Source: Adapted from Kapferer (2004). Used with permission.

the right are incorporated within the brand, an inner expression or spirit as he refers to it. These facets represent the key dimensions associated with building and maintaining brand identities and are set out in Table 12.1; they are interrelated and define a brand's identity, while also representing the means by which brands can be managed, developed and even extended.

All brands consist of a mixture of intrinsic and extrinsic attributes and management's task is to decide on the balance between them. Indeed, this decision lies at the heart of branding in the sense that it is the strategy and positioning that lead to strong brands.

## Benefits of branding

As a brand becomes established with a buyer, so the psychological benefits of ownership are preferred to competing offerings, and a form of relationship emerges. Brands are said to develop personalities and encapsulate the core values of a product. They are a strong means by which a product can be identified, understood and appreciated. Marketing communications plays an important role in communicating the essence of the personality of the brand and in providing the continuity for any relationship, a necessity for a brand to be built through time. This can be achieved through the development of emotional links and through support for any product symbolism that might be present.

Just as brands can provide benefits for buyers, so important direct benefits for manufacturers or resellers also exist. Brands provide a means by which a manufacturer can augment its product in such a way that buyers can differentiate the product, recognise it quickly and make purchase decisions that exclude competitive products in the consideration set. Premium pricing is permissible, as perceived risk is reduced and high quality is conveyed through trust and experience formed through an association with the brand. This in turn allows for loyalty to be developed, which in turn allows for cross-product promotions and brand extensions. Integrated marketing communications becomes more feasible as buyers perceive thematic ideas and messages, which in turn can reinforce positioning and values associated with the brand. For a summary of the benefits of branding, see Table 12.2.

Integrated marketing communications becomes more feasible as buyers perceive thematic ideas and messages, which in turn can reinforce positioning and values associated with the brand.

Table 12.2 Benefits of branding

| Customer benefits | Supplier benefits |
|---|---|
| Assists the identification of preferred products | Permits premium pricing |
| Can reduce levels of perceived risk and so improve the quality of the shopping experience | Helps differentiate the product from competitors |
| Easier to gauge the level of product quality | Enhances cross-product promotion and brand |
| Can reduce the time spent making product-based decisions and in turn reduce the time spent shopping | Encourages customer loyalty/retention and repeat-purchase buyer behaviour |
| Can provide psychological reassurance or reward | Assists the development and use of integrated marketing communications |
| Provides cues about the nature of the source of the product and any associated values | Contributes to corporate identity programmes |
| | Provides for some legal protection |
| | Provides for greater thematic consistency and uniform messages and communications |

# Brand portfolios: architecture and forms

The way in which an organisation structures and manages its brands not only affects its overall success but also influences the marketing communications used to support them. The development of brand portfolios is a means of gaining and protecting brand advantage. The fundamental structure of a brand portfolio consists of three main levels: the architecture, the form and the individual brand (see Figure 12.2).

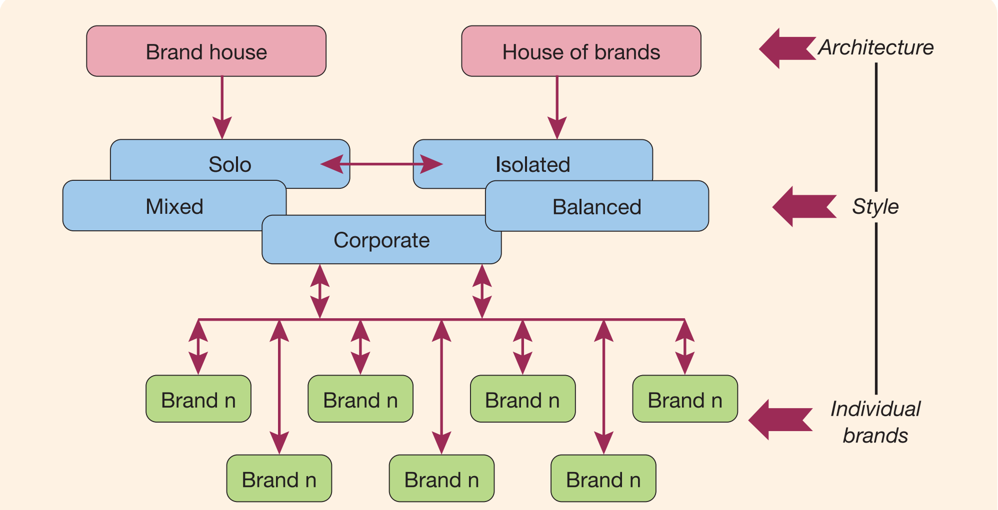


Figure 12.2 Basic structure of brand portfolio

# Brand architecture

An organisation's brand architecture represents the overall marketing interface with the community of stakeholders. Petromilli *et al.* (2002) identify the two most common types of brand architecture as branded house and the house of brands. These were formerly known as family brands and multi-brand structures.

*Branded house* architecture uses a single (master) brand to cover a series of offerings that may operate within descriptive sub-brand names. This approach is used by companies such as Boeing, IBM, Virgin and Disney. Each seeks to dominate entire markets and categories through their single, highly relevant and highly leveraged master corporate brand, typical of the branded house structure. Tesco use the classic branded house architecture. All of its brands are tied into the Tesco name. However, when it entered the US market it broke away from this strategy and used the name 'Fresh and Easy'. US consumers have a different set of needs compared with the UK market and what Ritson (2007) refers to as their parochial nature led Tesco to break away from their established brand approach.

The *house of brands* architecture is characterised by a group or collection of brands that have no outward connections and operate independently of each other. These are brands that stand alone. General Motors and Procter & Gamble use this brand architecture.

These two approaches represent the two extremes of a spectrum. Many organisations operate a mix of these two architectures, and their brand architecture lies somewhere between the two, indicating that neither strategy is inherently superior.

> Many organisations operate a mix of these two architectures.

## ViewPoint 12.2 The House of Dove and Lynx

For a long time Unilever supported their fmcg brands through a branded house strategy. This enabled them to protect the individual identity of brands within the portfolio, which in turn meant that the actions or circumstances affecting any one brand could not hurt others.

This strategy was fine at a time when the number of available media was relatively limited. Today there are a growing number of media channels and so it is important that brands are presented consistently across all consumer touchpoints. In addition to this Unilever decided to move away from a house of brands architecture to one that was based on endorsement. Through the use of a corporate logo on all of their products Unilever effectively linked all of the brands.

Unilever own Dove and Lynx. Dove's communication platform is based on natural beauty and uses a range of 'normal' women to promote the brand. This is in stark contrast to the celebrities and beautiful people used in most cosmetic and fragrance advertising. Dove also claim to protect girls from the messages many beauty ads promote.

As if in complete contradiction, Lynx uses a flagrant sexist platform to reach their teenage market. Had the endorsed brand architecture not been implemented Ritson (2007) suggests this hypocritical positioning would not have been exposed.

Source: Ritson (2007).

### Question

Are Unilever guilty of hypocrisy, ignorance or is their commercial right to position brands in contradictory ways?

### Task

Visit the two sites for Dove and Lynx. Which of these is the more effective and why?

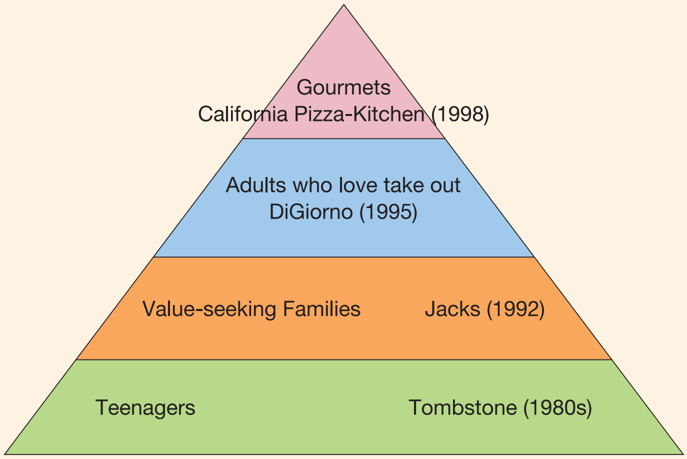


*Figure 12.3* Kraft's integrated pizzas brand structure

Pierce and Moukanas (2002) claim that most large companies organise their portfolio of brands as a disparate collection of individual brands. This strategy becomes more effective when these brands are integrated.

This spectrum of brand architectures is a reflection of an organisation's corporate strategy, culture and inter-product, or brand relationships. The approach each organisation adopts not only influences the deployment of resources to support the brands but also shapes the messages and media used within the marketing communications. Five main relationships can be identified: solo, isolated, mixed, balanced and corporate styles (See Table 12.3).

*Table 12.3* Organisation/product brand relationships

| Relationship | Explanation |
|---|---|
| Solo style | Organisations whose brand offer is a single product type. Images of the organisation and the product tend to be the same; for example: Kwik-Fit, Pirelli, Coca-Cola. |
| Isolated style | Essentially a multi-product branding approach that requires promotional expenditure to support each individual brand. Should a particular brand be damaged, the other brands in the portfolio and the corporate name are protected. |
| Balanced style | The identity of each individual product is related to the parent organisation; for example Ford UK, where each car brand is prefixed by Ford. The Ford Fiesta 1.3L, Ford Focus and Ford Transit all convey the balance between the corporate name and the individual brands. |
| Mixed style | There is no pattern of relationship between the products and the parent organisation. For example, the German organisation Bosch GmbH identifies its spark plugs and power tools range under the Bosch name, but uses the name Blaupunkt for its radios. |
| Corporate style | Although an organisation may operate in a number of different strategic business areas, this approach requires all communications to be targeted at reinforcing the corporate image. IBM, Mars, Hewlett-Packard and Black & Decker are examples of this form. |

Source: Based on Gray and Smeltzer (1985).

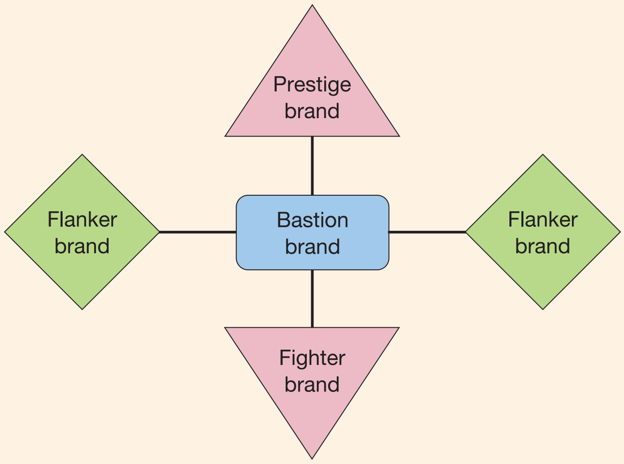


*Figure 12.4* Portfolio of brands
Source: After Riezebos (2003).

The way in which an organisation structures its portfolio of brands influences the strategic development and leverage of the assets it owns. One primary source of motivation to manage the portfolio is the desire to protect the most profitable brands from competitive attack. Riezebos (2003) identifies a range of different types of brand based on the role they each play within an overall portfolio. Bastion brands are of major importance to an organisation, usually because they are the most valuable in terms of profit, revenue and market share, consequently they are prone to attack. One major form of strategic response is to develop other brands in order to protect the premier brand (see Figure 12.4).

The role of flanker brands is to protect the bastion brand by warding off competitors. By charging a slightly lower price and by offering a different set of attributes these brands make it more difficult for competitor brands to enter the market. Rather than lose sales to competitors, it is better to lose sales to an internal brand, even if the retained profits are not as high as those generated by the bastion brand.

Fighter brands are used to fend off competitors who compete on discounted prices. Prices of fighter brands are set between the bastion brand and the competitor's low-cost offering, while the quality is adjusted to be perceived as lower than that of the bastion brand. Marketing communications should focus on name awareness, not price.

Fighter brands are used to fend off competitors who compete on discounted prices.

Prestige brands can also be aimed at niche markets but this time the focus is on high quality and luxury. Prices are set high but marketing communications needs to focus on the high quality and status associated with ownership (see Viewpoint 12.3).

## Brand forms

There are many forms of branding but primarily there are four key types: manufacturer, distributor, price and generic brands.

*Manufacturers' brands* help to identify the producer of a brand at the point of purchase. For example, Cadbury's chocolate, Ford cars and Coca-Cola are all strong manufacturers' brands. This type of brand usually requires the assistance of channel intermediaries for wide distribution. Marketing communications are driven by the manufacturer in an attempt to

## ViewPoint 12.3 Brand protectors

According to the ideas proposed by Riezebos (2003), the Volkswagen bastion brand might be protected by Seat and Skoda as fighter brands. Lexus is a prestige brand for Toyota, Acura for Honda and Infinity for Nissan. These vehicle manufacturers are perceived to be strongly associated with the middle-range vehicle market. Each of these luxury brands were introduced partly to compete with Mercedes and BMW but also to provide a prestige brand and so protect their respective bastion brands.

Procter & Gamble market a portfolio of shampoo brands. These include head & shoulders, an anti dandruff shampoo, which is the UK and Ireland's No. 1 shampoo. Each of its ten versions is designed to give dandruff protection. Wash & Go combines a shampoo and conditioning system in one product, the first 2 in 1 shampoo. Pantene was launched in the UK in 1991, and the collection is designed to combat a range of common hair issues such as split ends, thinning and dry or damaged hair. The brand offers shiny healthy looking hair whatever the hair type: 'Let the best of you shine through'.

Source: Riezebos (2003: 198–200).

### Question

If brand protectors were not used to influence and deliberately shape the market, what would happen to the market and its associated dynamics?

### Task

Using the material provided in this ViewPoint, which of the hair care brands might be designated the bastion and flanker brands? What do you think their structural roles might be?


Exhibit 12.3 Pantene offers shiny healthy looking hair whatever the hair type


*Exhibit 12.4* Wash & Go and Head & Shoulders, P&G's Number 1 shampoo brand in the UK and Ireland

persuade end-users to adopt the brand, which in turn stimulates channel members to stock and distribute the brand.

*Distributor (or own-label) brands* do not associate the manufacturer with the offering in any way. Distributor brands are owned by channel members, typically a wholesaler, such as Nurdin & Peacock, or a retailer, such as Tesco, Boots and Woolworths. This brand form offers many advantages to both the manufacturer, who can use excess capacity, and retailers, who can earn a higher margin than they can with manufacturers' branded goods and at the same time develop organisational (e.g. store) images. Channel members have the additional cost of promotional initiatives, necessary in the absence of a manufacturer's support. Some manufacturers refuse to make distributor products in an attempt to restrict availability and number of brands from which consumers can choose. There have been occasions where multiple grocers have launched products that are alleged to be too similar to key manufacturer brands. Often this leads to channel conflict as the name and/or packaging of the distributor brand is alleged to resemble too closely that of the brand leader.

The growth of distributor brands at the expense of manufacturer brands need not be expected to continue unchecked. Consumers value or expect a certain level of brand choice in stores, and as some store traffic and spend per visit rates have declined, some grocery multiples have taken steps to stem the volume of their distributor brand provision and increased the volume of manufacturer brands on their shelves.

Some grocery multiples have taken steps to stem the volume of their distributor brand provision.

*Price brands* are produced by manufacturers in an attempt to compete with private brands. Tesco has used this approach to respond to the arrival of a number of low-cost retailers such as Kwik Save and Aldi. The product is low-priced and is further characterised by an absence of any promotional support. The effect on the other brands in the manufacturer's portfolio may be to stimulate promotional support to prevent the less loyal buyers from trading over to the low-priced offering.

The fourth and final form is the *generic brand*. This is sold without any promotional materials and the packaging displays only information required by law. Manufacturers are even less inclined to produce these 'white carton' products than price brands. They are often sold at prices 40 per cent below the price of normal brands. They consume very few promotional resources, for obvious reasons, but their popularity, after a burst in the 1970s, has waned considerably, particularly in the supermarket sector where they gained their greatest success. However, generics are significant in some markets. In the early 1990s the pharmaceuticals industry experienced growth in the use of generic products, spurred by the government's NHS reforms (Blackett, 1992) but outside the pharmaceuticals industry generic brands have had minimal influence.

# The strategic role of branding

Walton (2007) suggests that there three dimensions to brand strategy: meaning, space and expression (see Table 12.4).

From a strategic perspective, brands play one of three significant roles. In broad terms, they can be used to defend market share or a group of brands by protecting established positions. They can be used to attack competitor brands and win market share or they can provide a way of deterring potential competitors from entering the market. In other words, they act either as a market entry barrier or as an aid to customer retention. To enable these strategic roles to be accomplished there are three elements that need to be attended to. These are integration, which in turn can lead to differentiation and deliver added value (see Figure 12.5 and the following discussion).

## Integration

For a brand to be maintained and to work, it is important that the communications used to develop and maintain the brand are consistent and meaningful. Part of the essence of integrated marketing communications is that the mix used to support a brand, including the messages that are used to convey brand values, must be consistent, uniform and reinforcing. Therefore, successful branding is partly the result of effective integrated marketing communications.

When Levi Strauss attempted to prevent Asda from selling its clothing it was attempting to protect the way it wanted to be perceived, that is, its positioning. If Asda had continued to sell

**Table 12.4** Brand dimensions

| Brand dimension | Explanation |
|---|---|
| Meaning | Refers to how consumers perceive a brand. This may be functional, emotional or symbolic. |
| Space | This concerns the actual product and the category in which it operates. |
| Expression | How the brand projects its identity through marketing communications in order that it relates to the target market in terms of its 'look and feel'. |

Source: Walton (2007). Used with kind permission from WARC.

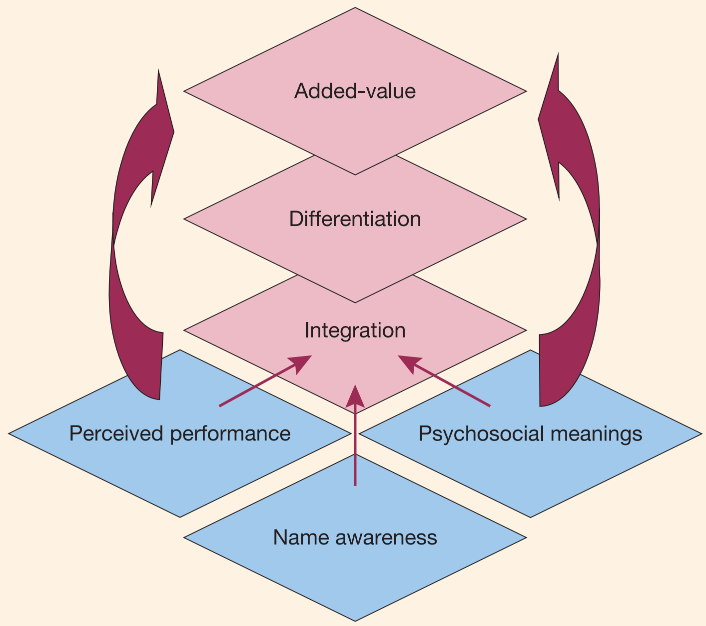


Figure 12.5 The strategic dimensions of branding

Levi Strauss products, market forces would ultimately have determined whether the positioning determined by Levi Strauss was of value to customers.

## Differentiation

Brands that are integrated provide opportunities to be perceived as different, relative to a competitor's product. Branding is a method of separation and positioning so that customers can recognise and understand what a brand stands for, relative to other brands. However, not all brands choose to be different as there is some strategic advantage for smaller, new-entry brands to associate themselves closely with the market leader. This is witnessed by the disagreements between distributors and manufacturers over the packaging, names and type faces used for some products (e.g. Coca-Cola and Sainsbury's Cola, Penguin and Asda's Puffin bars).

## Added value

The final key element is added value. Brands enable customers to derive extra benefits as one brand can provide different advantages to another. These advantages might be in the form of rational attribute-based advantages (e.g. whiter, stronger or longer) or they may be more emotionally based advantages derived through the augmented aspects of the products (e.g. the way you feel about a brand). This issue is evidenced by the vigour with which Levi Strauss resisted the distribution of its jeans through price-oriented distributors such as Asda. One of the arguments proposed by the company was that the inherent brand value was effectively removed through this form of distribution.

Value is added to brands through three main components: perceived performance, psycho-social meaning and the extent of brand-name awareness (Riezebos, 2003) (see Table 12.5). Added value is developed using different combinations of these three components.

> Value is added to brands through three main components: perceived performance, psycho-social meaning and the extent of brand-name awareness.

Table 12.5 Brand added value

| Added value component | Explanation |
|---|---|
| Perceived performance | Derived from consumer perceptions of relative quality and perceived associations concerning key attributes. |
| Psycho-social meanings | Refers to the immaterial associations consumers make about brands from which they deduce meanings about personality and expressions of individuality. |
| Brand-name awareness | The level of name awareness can provoke feelings of familiarity and reduced risk or uncertainty. |

Source: After Riezebos (2003).

Marketing communications is required to build these components so that consumers deduce particular meanings, perceive and value certain performance characteristics and build awareness and name familiarity.

## Individual brand fingerprinting

One of the main branding tasks is to reinforce the brand's presence, position and quality in the market. However, it is important that all branding activities extend across all key consumer contact points, a policy that needs to be pursued when developing integrated marketing communications (Chapter 9).

When developing a marketing communications plan it is vitally important to consider the information arising from a brand audit and then develop a brand fingerprint, as Vyse (1999) refers to it. The management and development of a brand require resources and processes to ensure that the brand associations that customers make are as intended and that the gap between managers' and buyers' expectations is acceptable. The completion of a brand audit should result in an improved consumer insight, but understanding consumers is worthless unless the information is in a form that can be read and understood by everyone involved in the brand development process.

Brands suffer mid-life crises, they lose friends and need to be vigorously rejuvenated, often through exceptional creativity (Tango, Sainsbury's, British Airways). Vyse comments that brands need to be up to date and speak the current language. Gap has a look and feel that travels across its store design, its through-the-line communications, and on packaging which expresses the visual, tactile, emotional and functional values of the clothes. Brand fingerprinting is about developing a single document that can be used by everyone involved with the brand development process. The benefits are as follows:

- It allows for continuity when brand managers move on in their careers.
- When the retail environment changes in a radical manner (e.g. ecommerce).
- It focuses on the consumer and so helps maintain the relationship.
- It fosters good team practice.

A brand fingerprint consists primarily of a document that summarises the essential character of the brand. According to Vyse, this comprises the following elements:

- *Target*: a description of the person for whom the brand is always the first choice by defining their attitudes and values.
- *Insight*: a description defining the elements about the consumer and their needs upon which the brand is founded.
- *Competition*: a picture of the market and alternative choices as seen by the consumer and the relative values the brand offers in the market.

- *Benefits*: the various functional and emotive benefits that motivate purchase.
- *Proposition*: the single most compelling and competitive statement the target consumer would make for buying the brand.
- *Values*: what the brand stands for and believes in.
- *Reasons to believe*: the proof we offer to substantiate positioning.
- *Essence*: the distillation of the brand's generic code into one clear thought.
- *Properties*: the tangible things of which the merest glimpse, sound, taste, smell or touch would evoke the brand.

For a brand to grow and be sustained, the functional aspects of the product must be capable of meeting buyer expectations. If the quality of the physical and functional aspects of the product is below acceptable standards, marketing communications activities alone cannot create and sustain a brand. Jaguar cars were rejected when first exported to the United States, because the first buyers of Jaguars (innovators in the process of adoption) experienced a variety of problems. These included overheating, because thermostats failed to work, and gearboxes and clutches, that needed replacing too quickly. This led to a poor perception and hence image of Jaguar, which meant that market penetration was slow, at least until the product defects were corrected. A quality initiative at the production plant resulted in a car that performed at exceptionally high levels on all functions. Marketing communications then built upon the new credibility, so that Jaguar became one of the most sought-after prestige cars in the United States.

# The role of marketing communications in branding

The way in which marketing communications is used to build brands is determined strategically.

Marketing communications plays a vital role in the development of brands and is the means by which products become brands. The way in which marketing communications is used to build brands is determined strategically by the role that the brand is expected to play in achieving an organisation's goals. Chernatony and Dall'Olmo Riley (1998b) argue that there are several roles that marketing communications can play in relation to brand development. For example, they suggest the role during brand extensions is to show buyers how the benefits from the established brand have been transferred or extended to the new brand. It may be that some of the problems experienced by Lego in 2003/04 were due to a brand extension strategy that has not been suitably supported by marketing communications. Alternatively, the poor financial situation may have been be due to a move away from core brand values (Lee, 2004).

Another role, based on the work of Ehrenberg (1974), is to remind buyers and reinforce their perceptions and in doing so defend the market. Whatever the role, one major determinant that applies to all organisations is the size of the financial resources that are made available. Should the budget be high, advertising will often be the main way through which brand name associations are shaped. The brand name itself will not need to be related to the function or use experience of the brand as the advertising will be used to create and maintain brand associations.

However, when financial resources are restricted, a below-the-line approach is necessary. In particular, the brand name will need to be closely related to the function and use experience of the product, while packaging will also play a significant role in building brand associations.

## Brand building through advertising

When advertising is used to help consumers to make brand associations, two main approaches can be used: a rational or an emotional approach. When a rational approach is used

When a rational approach is used the functional aspects of a brand are emphasised.

the functional aspects of a brand are emphasised and the benefit to the consumer is stressed. Very often product performance is the focus of the message and a key attribute is identified and used to position the brand. Typically, unique selling propositions were often used to draw attention to a single superior functional advantage that consumers found attractive. For example, a washing powder that washes clothes whiter, drinks that have the highest percentage of fruit juice content and paint that covers more square metres than any other paint.

Many brands now try to present two or even three brand features as the USP has lost ground. For example, when Britvic launched *Juice Up* into the chilled fruit juice sector to compete with *Sunny Delight*, it used the higher fruit juice and lower sugar attributes as the main focus of the communication strategy. The rational approach is sometimes referred to as an informative approach (and complements functional positioning, see Chapter 11). In terms of added value (see above) this approach complements the perceived performance criteria identified by Riezebos (2003).

ESPs can enable consumers to make positive brand associations based on both psychological and socially acceptable meanings, a psychosocial interpretation.

When an emotional approach is used, advertising should provide emotional selling points (ESPs). These can enable consumers to make positive brand associations based on both psychological and socially acceptable meanings, a psychosocial interpretation. Product performance characteristics are dormant while consumers are encouraged to develop positive feelings and associations with the brand. A further goal can be to create positive attitudes towards the advertising itself, which in turn can be used to make associations with the brand. In other words, the role of likeability, discussed later in Chapter 15, becomes paramount when using an emotional advertising approach. Therefore, these types of advertisements should be relevant and meaningful, credible, and be of significant value to the consumer. In essence, therefore, emotional (or transformational) advertising is about people enjoying the advertisement (and complements expressive positioning, see Chapter 11).

## ViewPoint 12.4 The Famous Grouse does it above the line

The UK whisky market experienced major changes during the 1990s. At one time the blended sector was dominant but the market had been eroded through the growth of own label brands, Irish and American spirits and single malts. These pressures combined to create difficult trading conditions for blended whisky brands. Not only was the market in decline but also many brands such as Famous Grouse, were suffering long-term declining sales, in this case 36 per cent in 16 years. Even Bells, the market leader, had suffered declining volume sales. The question was how could advertising revive a brand in this context?

Some brands for example, Teachers and Grants, withdrew all advertising support and effectively treated their brands as cash cows, draining their residual profits. This was not seen as a strategy that could deliver long-term value so it was decided to invest and build the Famous Grouse brand through advertising. The key was to build a brand that not only consumers could become engaged with, but also one that would enable the brand to stand out and retain on trade distribution. This was achieved through a creative that used the iconic bird depicted on the label. In real life the grouse is a shy and retiring bird. Not so with The Famous Grouse who was used to demonstrate cheekiness, fun and even a slight irreverence.

Over the decade since the advertising campaign began, the strength of the brand has increased considerably. The above-the-line campaign cost £15.4 million between 1996 and 2006 and it is claimed that it has generated an additional £513 million of value. Of the brands in the blended sector, only Bells and Famous Grouse have increased the strength of their brands. It is interesting to note that they were the only two to invest in advertising.

Source: Barnett *et al.* (2006).

### Question

Is it too late for Teachers and Grants to develop their brands and add value?

### Task

Try to collect five different ads of the Famous Grouse and identify three strengths and three weaknesses associated with the brand's advertising.

Exhibit 12.5 The Famous Grouse
Image courtesy of The Advertising Archives.

## Brand building through below-the-line techniques

When the marketing communications budget is limited or where the target audience cannot be reached reasonably or effectively through advertising, then it is necessary to use various other communication tools to develop brands. Although sales promotion is traditionally perceived as a tool that erodes rather than helps build a brand, as it has a price rather than a value orientation, it can be used strategically. In recent years, new technology has enabled innovative sales promotion techniques to be used as a competitive weapon and to help build brand presence.

Direct marketing and public relations are important methods used to build brand values, especially when consumers experience high involvement. However, experience suggests that the sole use of direct marketing in FMCG markets has been less than satisfactory from those that have experimented (e.g. Heinz in the mid 1990s). The Internet offers opportunities to build new dot-com brands and the financial services sector has tried to harness this method as part of a multichannel distribution policy. What appears to be overridingly important for the development of brands operating with limited resources are the brand name and the merchandising activities, of which packaging, labelling and POP are crucial. In addition, as differentiation between brands becomes more difficult in terms of content and distinct symbolism, the nature of the service encounter is now recognised to have considerable impact on brand association. The development of loyalty schemes and carelines for FMCG, durable and service-based brands is a testimony to the importance of developing and maintaining positive brand associations.

When advertising is the main source of brand development consumers develop associations about the content and positioning of the brand through advertising messages.

When advertising is the main source of brand development consumers develop associations about the content and positioning of the brand through advertising messages. As a substitute for advertising, it is the merchandising, packaging and the brand name itself that need to convey the required symbolism in such a way that the content and positioning are understood by the target audience. Indeed, the brand name needs to be closely aligned with the brand's primary function, more so than when advertising is able to convey the product's purpose and role. So, the name *$O_2$ Arena* rebrands, identifies and repositions the controversial structure, the name *Sensodyne* says something about the functionality of the toothpaste and *Netrank* conveys ideas that this might be (and is) a search engine optimisation agency.

## ViewPoint 12.5 Sula Vineyards do it below-the-line

Beer is currently India's preferred alcoholic drink but the rapid growth of the wine industry is threatening to challenge beer's overall supremacy.

Sula Vineyards are a typical new winery seeking to establish their brand in the emerging market. Faced with a market where taxes are extremely heavy (except on beer), new entrants need to find a strong point of differentiation.

However, there is one big problem that faces all producers of alcohol, namely that advertising of alcohol is not allowed. Some major global brands are able to create brand awareness using television and outdoor media to promote their names using their other brands such Kingfisher mineral water and Smirnoff CDs.

The marketing communications used to support brands such as Sula Vineyards therefore need to be below-the-line and closely oriented to help consumers learn and experience their brands. Sula Vineyards use sales promotion (sampling and tastings), experiential marketing (winery tours), public relations (media relations and lobbying) and word-of-mouth recommendation. Sampling is important, especially within the trade. Once restaurant, hotel and bar staff and distributors appreciate the quality of their brand they are in a better position to recommend the brand. Lobbying helps raise the profile of the brand but is also undertaken to get the rules relating to alcohol relaxed and available through supermarkets and accessible to more women, who currently prefer not to frequent traditional liquor shops.

Source: Durston (2008).

### Question

Does the ban on advertising alcohol prevent consumers from having full knowledge of brand availability?

### Task

How might Sula name their brands to assist brand identification?

The below-the-line route needs to achieve a transfer of image. Apart from the clarity of the brand name (which needs to describe the product functions) and the shape, nature and information provided through the packaging and associated labelling, there are additional mechanisms through which brand associations can be developed. There are five such devices: co-branding, geographical identifiers, the use of ingredient brands, support services and award symbols.

There are many occasions where advertising funds are not available to develop brand associations and where the brand name and merchandising needs to be the predominant force in enabling buyers to develop managed and positive brand associations. An increasing number of organisations in the b2b sector are using branding approaches and recognise the benefits of co-branding in particular. Charities and organisations in the not-for-profit sector are increasingly using commercial organisations to co-brand. The former receive commercial expertise and funding while the latter gain in terms of association with good deeds, giving (rather than taking) and being seen to care.

Marketing communications is the means by which products become brands. Buyers make associations immediately they become aware of a brand name. It is the brand manager's task to ensure that the associations made are appropriate and provide a means of differentiation. By communicating the key strengths and differences of a brand, by explaining how a brand brings value to a customer and by reinforcing and providing consistency in the messages transmitted, a level of integration can be brought to the way a brand is perceived by the target market.

Finally in this section, the importance of branding as a part of integrated marketing communications should not be forgotten, and to do this internal brand education is crucial. The way a brand relates internally to departments and individuals and the way the brand is articulated by senior management are important parts of brand education. Brands are not just external elements – they should form part of the way in which an organisation operates, part of its cultural configuration.

## Business-to-business branding

Branding has been used by a number of manufacturers (e.g. Intel, Teflon, Nutrasweet) to achieve two particular goals. Rich (1996) reports that the first goal is to develop an identity which final end-users perceive as valuable. For example, Intel has developed its microprocessors such that PCs with the Intel brand are seen to be of high quality and credibility. This provides the PC manufacturer with an added competitive advantage. The second goal is to establish a stronger relationship with the manufacturer. Nutrasweet works with food manufacturers advising on recipes simply because the final product is the context within which Nutrasweet will be evaluated by end-users.

A b2b brand is often tied closely to the company itself, as opposed to b2c brands, which often distance themselves from the manufacturer or company name. For example, a Rolls-Royce power turbine is branded Rolls-Royce because of the perception of tradition, high quality, performance and global reach that are associated with the Rolls-Royce name. Marketing communications should be developed so that they incorporate and perpetuate the personality of the brand. Thus, all the Rolls-Royce advertising materials should be in corporate colours and contain the logo. All copy should be in the house style and reinforce brand perceptions.

A b2b brand is often tied closely to the company itself.

Beverland *et al.* (2007) offer an alternative model to Kapferer's (2004) prism (above) in order to address the needs of the business market. Their approach, depicted at Figure 12.6 uses five main dimensions upon which business brands are built: product, service, adaptation, logistics and advice.

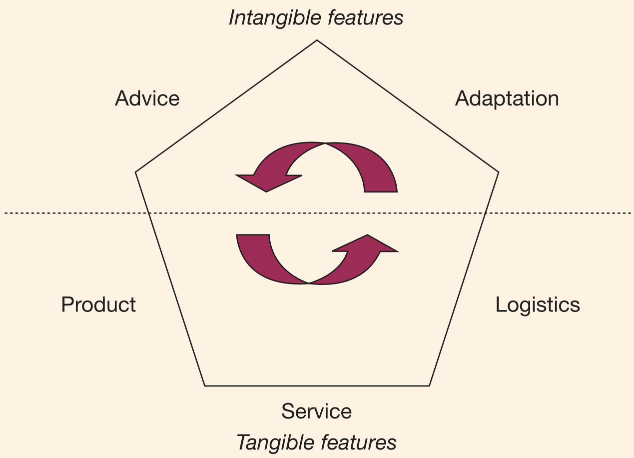


*Figure 12.6* Five pillars of business branding
Sources: Beverland *et al.* (2007). Adapted from Ford *et al.* (2002): 122.

## ViewPoint 12.6 Dancing Diggers with JCB

JCB is Europe's leading manufacturer of construction equipment and has developed a unique promotional style based on demonstrating the features and versatility of its products in an entertaining way. The JCB Dancing Diggers consists of a series of trick routines that the company's demonstration team performs. The Dancing Diggers perform at exhibitions and draw huge crowds as the capabilities of the giant earth-moving equipment are shown off. This activity feeds advertising, sales literature and, of course, public relations work, providing a strong means of arresting attention and building tremendous levels of credibility.

One little touch of personal selling and publicity skill can be observed in the development and launch of a machine called the 3D. The owner, Joe Bamford, designed the cab so that the operator could make a cup of tea. He promised to personally deliver the first 100 orders with a free kettle, which he did for each purchaser.

Source: www.jcb.co.uk. Used with permission.

### Question

To what extent do the use of exhibitions, events and storytelling really build business brands?

### Task

Go to www.caterpillar.com/ and find signs of the way they brand themselves?


Exhibit 12.6 JCB
The Dancing Diggers are an important part of the company's publicity strategy.
Picture reproduced with the kind permission of JCB.

The researchers argue that the tangible elements (product benefits) are normally more prominent at the beginning of a business relationship. However, as the relationship develops and as the decision-making becomes increasingly complex so there is a shift away from the tangible to the intangible aspects and abstract associations.

The use of event sponsorship, whereby an organisation provides financial support for a conference or exhibition, has become increasingly popular (Miller, 1997). Mainly because of the costs involved, event organisers have sought sponsorship aid. For sponsors, events provide a means of promoting visibility within a narrowly focused target market. In addition, they provide a means of highlighting their own particular contribution within the conference or their exhibition stand.

The use of joint promotional activities between manufacturers and resellers will continue to be an important form of communication behaviour. The desire to build networks that provide cooperative strength and protection for participants is likely to continue. Manufacturers will use joint promotional activities as a means of forging close relationships with retailers and as a means of strengthening exit barriers (routes away from relationships).

The desire to build networks that provide cooperative strength and protection for participants is likely to continue.

# Online branding

The major difference between online and offline branding is the context in which the brand associations are developed and sustained. Both forms of branding are about developing and sustaining valuable relationships with consumers, but online branding occurs in a virtual context. This context deprives consumers of many of the normal cues used to sense and interpret brands. Opportunities to touch and feel, to try on and physically feel and compare products are largely removed and a new set of criteria has to be used to convey and interpret brand associations.

One of the strengths of the Internet is its ability to provide copious amounts of regularly updated information, available '24/7'. As a result online brands tend towards the use of rational messages, using product attributes, quality and performance measures, third-party endorsements, comparisons and price as a means of brand differentiation and advantage. However, it should be remembered that online branding strategies are influenced by the nature of the brand itself. If the brand has a strong offline presence then the amount of online branding work will be smaller than if it is a pure-play brand. Branding should be a part of an overall communications strategy, where online and offline work are coordinated. Breen (1999) argues that online brands are stronger if the following hold true:

- There is an overall communications strategy.
- It is not expected to establish consumer relationships through a single web site visit. The development of a personalised pathway for continued dialogue, such as that used by Amazon.com (which sends regular emails to customers about the status of their purchases and details of potentially interesting offers), is important.
- A record is kept of the changing needs and interests of their consumers.
- They attempt to be seen as a trustmark, not a trademark.
- They try to integrate relationship-building activities with the real world. For example, financial services broker Charles Schwab opens 70 per cent of its accounts in branches where there is a face-to-face-based relationship from which account details are put online. The feeling that there is a personal element to the online relationship appears to add comfort and security.

In 2007/08 the online reliance on rational, informational approaches started to give way as brands became more interactive and capable of emotional engagement. Brand building, once the preserve of offline communications is now an online expectation.

Each web site provides a focus for the brand identity and it is the experience consumers have with a site that determines whether a site will be revisited. The web site acts as a prime means of differentiating online brands and those that fail to develop differential advantage will probably learn that visitors are only one click away from leaving a site (Oxley and Miller, 2000). These commentators refer to a site's 'stickiness' and ability to retain visitors, which in turn can increase advertising rate card costs. However, as they point out, a long visit does not necessarily mean that the experience was beneficial as the site may try to facilitate customer transactions quickly, or enable them to find the information they need without difficulty; in other words, reduced levels of stickiness may be appropriate in some circumstances.

All online branding activities need to extend across all key consumer contact points, in both offline and online environments.

All online branding activities need to extend across all key consumer contact points, in both offline and online environments. Internet users generally exhibit goal-directed behaviour and experiential motivations. Goal-directed behaviour that is satisfied is more likely to make people want to return to a site. Therefore, it can be concluded (broadly) that satisfying experiential motivations makes people stay, and in doing so boosts the potency of an online brand.

## Virtual brand communities

Virtual brand communities (VBC) have emerged in recent years as a result of the positive interaction generated through the use of several online tools, most notably chat rooms, forums and discussion areas. Firms such as Procter & Gamble have developed VBCs not only to engage with target audiences but to also enable interaction among their audiences. The two main benefits are that VBCs enable increased brand exposure in a semi-clean environment and also provide rich opportunities to learn about the motivations, feelings and issues related to buyer behaviour and market trends (Pitta and Fowler, 2005).

A VBC is a group of individuals who interact online in order to share their interest in a brand or product.

A VBC is a group of individuals who interact online in order to share their interest in a brand or product. Muniz and O'Guinn (2001) suggest that there are three core components within a community:

- a consciousness of kind (a feeling or passion that binds participants);
- rituals and traditions (shared codes of behaviour and values plus memories of significant events);
- a sense of moral responsibility (moral commitment among members to enable survival of the community).

Casaló *et al.* (2008) undertook one of the first empirical research exercises to determine the effectiveness of community participation. They found that trust in the community itself may increase participation levels, with satisfaction with previous interactions and perceived levels of communication as key factors driving trust. They also discovered that involvement in these communities also had a positive effect on the participants' commitment to the brand. In other words, VBCs can increase the strength of the ties felt towards the brand, which in turn can improve loyalty and drive higher levels of retention.

## Brand equity

Brands represent a value to both organisations and shareholders.

The concept of brand equity has arisen from the increasing recognition that brands represent a value to both organisations and shareholders. Brands as assets can impact heavily on the financial well-being of a company. Indeed, Pirrie (2006: 40) refers to the evidence that organisations with strong brands 'consistently outperform their markets'.

According to Ehrenberg (1993), market share is the only appropriate measure of a brand's equity or value and, as a result, all other measures taken individually are of less significance, and collectively they come together as market share. However, this view excludes the composition of brands, the values that consumers place in them and the financial opportunities that arise with brand development and strength.

Lasser *et al.* (1995) identify two main perspectives of brand equity, namely a financial and a marketing perspective. The financial view is based on a consideration of a brand's value as a definable asset, based on the net present values of discounted future cash flows (Farquahar, 1989). The marketing perspective is grounded in the beliefs, images and core associations consumers have about particular brands. Richards (1997) argues that there are both behavioural and attitudinal elements associated with brands and recognises that these vary between groups and represent fresh segmentation and targeting opportunities. A further component of the marketing view is the degree of loyalty or retention a brand is able to sustain. Measures of market penetration, involvement, attitudes and purchase intervals (frequency) are typical. Feldwick (1996) used a three-part definition to bring these two approaches together. He suggests brand equity is a composite of:

- *brand value*, based on a financial and accounting base;
- *brand strength*, measuring the strength of a consumer's attachment to a brand;
- *brand description*, represented by the specific attitudes customers have towards a brand.

In addition to these, Cooper and Simmons (1997) offer *brand future* as a further dimension. This is a reflection of a brand's ability to grow and remain unhindered by environmental challenges such as changing retail patterns, alterations in consumer buying methods and developments in technological and regulative fields. As if to reduce the increasing complexity of these measures Pirrie (2006) argues that brand value needs to be based on the relationship between customer and brand owner and this has to be grounded in the value experienced by the customer, which is subsequently reflected on the company. For consumers the brand value is about 'reduction'; reducing search time and costs, reducing perceived quality assurance risks, and making brand associations by reducing social and ego risks (see Chapter 6 for more information about perceived risks). For brand owners, the benefits are concerned with 'enablement'. She refers to enabling brand extensions, premium pricing and loyalty.

Brand value needs to be based on the relationship between customer and brand owner and this has to be grounded in the value experienced by the customer.

Attempts to measure brand equity have to date been varied and have lacked a high level of consensus, although the spirit and ideals behind the concept are virtually the same. Table 12.6 sets out some of the approaches adopted. As a means of synthesising these approaches the following are considered the principal dimensions through which brand equity should be measured:

- *brand dominance*: a measure of its market strength and financial performance;
- *brand associations*: a measure of the beliefs held by buyers about what the brand represents;
- *brand prospects*: a measure of its capacity to grow and extend into new areas.

Brand equity is considered important because of the increasing interest in trying to measure the return on promotional investments. This in turn aids the valuation of brands for balance sheet purposes. A brand with a strong equity is more likely to be able to preserve its customer franchise and so fend off competitor attacks. From the BrandZ Top 100 model Farr (2006) determined that the top brands are characterised by four factors. They are all strong in terms of innovation, great customer experience, clear values and strong sector leadership. Kish *et al.* (2001) refer to PepsiCo's attempt to build its model of brand equity, called Equitrak (see Viewpoint 12.7).

**Table 12.6** Five approaches to measuring brand equity

| Source | Factors measured |
|---|---|
| David Aaker | Awareness, brand associations, perceived quality and market leadership, loyalty, market performance measures. |
| BrandDynamics, BrandZ (Millward Brown) | Presence, relevance to consumer needs, product performance, competitive advantage, bonding. |
| Brand asset valuator (Young and Rubicam) | Strength (differentiation and relevance), stature (esteem and knowledge). |
| Interbrand Global Top 100 (Omnicom) | Intangible future earnings, the role of the brand, brand strength. |

Sources: Adapted from Cooper and Simmons (1997); Haigh (1997); Pirrie (2006). http://www.brandassetvaluator.com.au/, www.millwardbrown.com/Sites/, http://www.interbrand.com/best_brands_2006_FAQ.asp

## ViewPoint 12.7 Determining value at PepsiCo

PepsiCo determined that it needed to define brand equity so that it could track the development of its various brands, benchmark them against 'icon stature' brands and enable comparisons to be made within the PepsiCo portfolio (Kish *et al.*, 2001).

The Equitrak model developed by PepsiCo. consists of two main elements: brand recognition and brand regard (see Figure 12.7). Brand recognition refers to the depth and breadth of awareness levels. Brand

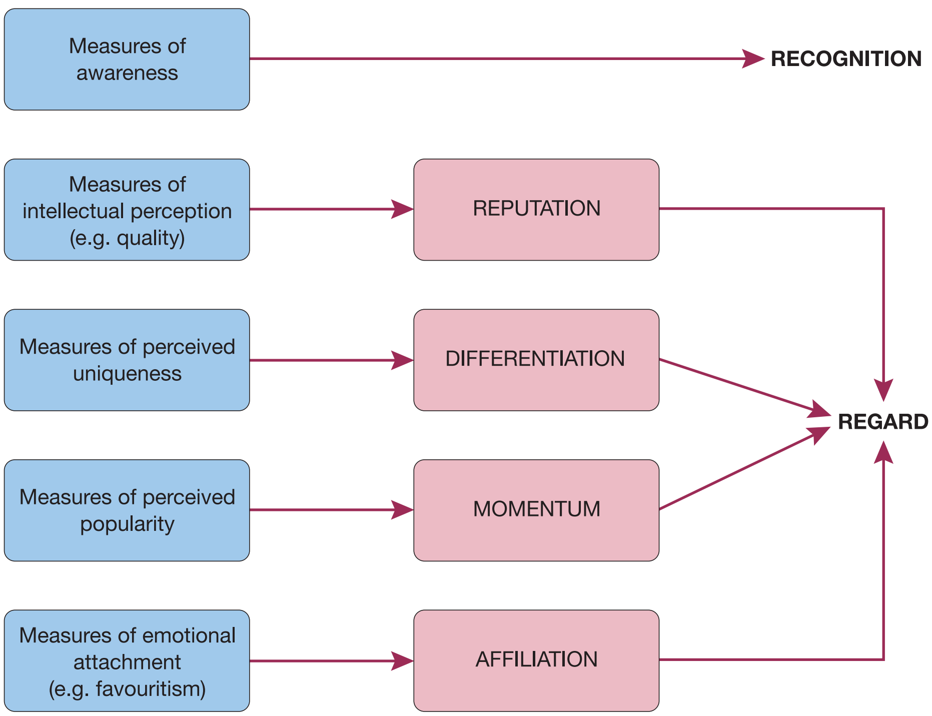


**Figure 12.7** The structure of PepsiCo's brand equity model Equitrak
Source: Kish *et al.* (2001). © Emerald Group Publishing Limited . All rights reserved.

regard is about how people feel about a brand and measures a number of dimensions. The dimensions are weighted and then multiplied by the recognition score to provide an overall brand equity score.

By plotting the scores on a map it is possible to see how a brand is performing in particular regions, competitive analysis can be undertaken and strategic brand decisions made (see Figure 12.8).

Source: Kish *et al.* (2001).

## Question

To what extent should brand valuation incorporate measures of both financial- and market-related factors. What might be the right balance between these two factors?

## Task

Go to **www.interbrand.com/portfolio_service.asp?services=1002** and read the short case studies about brand equity and associated valuation.

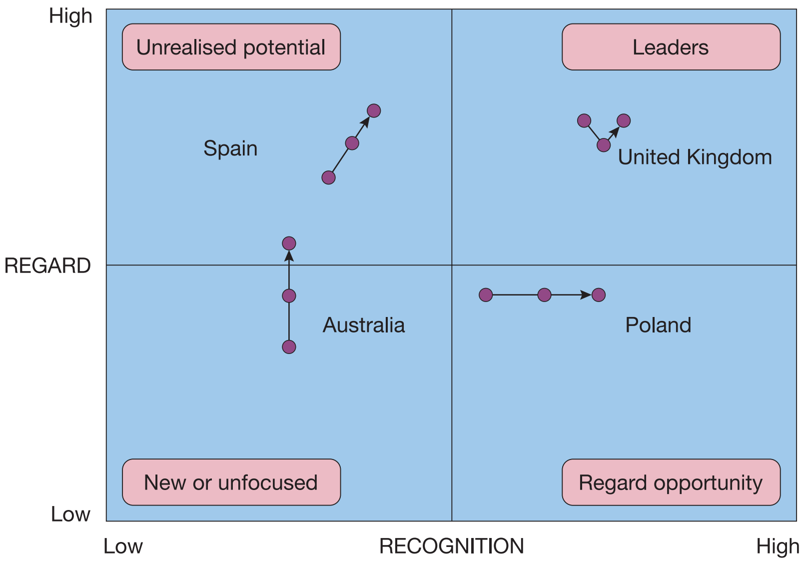


*Figure 12.8* Brand equity development trend for a snack brand over time by country
Source: Kish *et al.* (2001). 

Developing brand equity is a strategy-related issue and whether a financial, marketing or twin approach is adopted, the measurement activity can help focus management activity on brand development. However, there is little agreement about what is measured and how and when it is measured. Ambler and Vakratsas (1998) argue that organisations should not seek a single set of measures simply because of the varying circumstances and contextual factors that impinge on brand performance. In reality, the measures used by most firms share many common elements.

# Summary

In order to help consolidate your understanding of branding and the role of marketing communications, here are the key points summarised against each of the learning objectives:

### 1. Introduce and explore the nature of branding.

Branding is a strong means by which a product can be identified, understood and appreciated. Brands are a composite of two main constructs: **1**) an identity that managers wish to portray, and **2**) images, construed by audiences, of the identities they perceive. The development of Web 2.0 and user-generated-content in the form of blogs, wikis and social networks have added a new dimension to the managerial-driven perspective of brands. It is important therefore to recognise that both managers and customers are involved in the branding process.

### 2. Examine the common characteristics of brands.

Brands consist of two main types of attributes: intrinsic and extrinsic. Intrinsic attributes refer to the functional characteristics of the product such as its shape, performance and physical capacity. If any of these intrinsic attributes were changed, it would directly alter the product. Extrinsic attributes refer to those elements that are not intrinsic and if changed do not alter the material functioning and performance of the product itself: devices such as the brand name, marketing communications, packaging, price and mechanisms which enable consumers to form associations that give meaning to the brand.

### 3. Determine the benefits to both buyers and owners of brands.

Branding provides customers with a quick and easy way of understanding what a product is, what value it represents and can also represent a measure of psycho-social reassurance.

Branding provides manufacturers and distributors with a means of differentiating their products in order to gain competitive advantage in such a way that customers perceive added value. This allows for premium pricing and the improved margin can be used to invest in new opportunities for commercial initiatives through, for example, innovation or improved levels of customer service.

### 4. Identify the different types of brands and the relationships they can have with the parent organisation.

An organisation's brand architecture represents the overall marketing interface with the community of stakeholders. The way in which an organisation structures and manages its brands not only affects its overall success but also influences the marketing communications used to support them. The two most common types of brand architecture as branded house and the house of brands.

The development of brand portfolios is a means of gaining and protecting brand advantage. The fundamental structure of a brand portfolio consists of three main levels: the architecture, the form and the individual brand.

### 5. Appreciate the strategic importance of brands.

Branding is a key strategic communication issue and not only affects FMCG products but is increasingly used by b2b organisations as a means of differentiation and added value.

### 6. Understand the way in which marketing communications can be used to build and support brands.

Marketing communications has an important role to play in brand development and maintenance. In many circumstances advertising is used to develop strong brands. To help customers make associations with brands either a rational, information-based approach might be adopted or alternatively a more emotional relationship might be forged, one based more on imagery and feelings.

Brands can be developed through the use of above-the-line techniques, namely advertising, or through below-the-line approaches.

### 7. Explain the role of branding in business-to-business markets.

In a large number of cases the opportunity to use advertising is restricted and many smaller and b2b organisations need to rely on a below-the-line approach. In these circumstances, the brand name is important as it needs to symbolise or convey meaning about the functionality of the brand. In addition, merchandising, packaging and other POP elements will be prominent in brand development.

Branding has been used by a number of manufacturers (e.g. Intel, Teflon, Nutrasweet) to achieve two particular goals. The first goal is to develop an identity that final end-users perceive as valuable. The second goal is to establish a stronger relationship with the manufacturer.

### 8. Explore some of the issues associated with branding online and in virtual brand communities.

The major difference between online and offline branding is the context in which the brand associations are developed and sustained. Both forms of branding are about developing and sustaining valuable relationships with consumers, but online branding occurs in a virtual context. This context deprives consumers of many of the normal cues used to sense and interpret brands. Opportunities to touch and feel, to try on and physically feel and compare products are largely removed and a new set of criteria has to be used to convey and interpret brand associations.

All online branding activities need to extend across all key consumer contact points, in both offline and online environments. A VBC is a group of individuals who interact online in order to share their interest in a brand or product. VBCs can increase the strength of the ties felt towards the brand, which in turn can improve loyalty and drive higher levels of retention.

### 9. Appraise the nature and characteristics of brand equity.

Brands as assets can impact heavily on the financial well being of a company. Indeed, Pirrie (2006: 40) refers to the evidence that organisations with strong brands 'consistently outperform their markets'. There are two main ways of considering brand equity, namely a financial and a marketing perspective.

## Review questions

1. Write brief notes explaining what branding is.
2. How do brands assist customers and brand owners?
3. Summarise Biel's concept of 'brand magic'.
4. Select five consumer brands and evaluate their characteristics.
5. Explain the concept of a brand portfolio and set out what you understand by the terms architecture, bastion and fighter brands.
6. Discuss the relative importance of the three elements that determine the strategic aspect of branding.
7. Explain advertising's role in the development of brands.

8. Find three non-FMCG brands and evaluate how their brand strength has been developed without the aid of advertising. How might you improve the strength of these brands?
9. Explain how business-to-business markets might benefit from adopting a branding approach.
10. Discuss two approaches to brand equity.

## MiniCase Rebranding Greek ice-cream: the case of Nestlé ice-cream

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**and**
**Peter Zissou: Marketing Manager, Nestlé Hellas Ice cream S.A.**

### Introduction

In 2008, Nestlé Hellas Ice Cream SA was the biggest ice-cream firm in Greece. It was created in 2006 with the acquisition of Delta Ice-Cream, by Nestlé Hellas. The firm links its available technology and international-level know-how with the reliability, the quality and the knowledge of the Hellenic taste palette to offer high-quality ice-creams to Greek consumers.[1] In 2003, Nestlé US merged with Dreyer's ice-cream business, which resulted in Nestlé owning 67 per cent of the combined company. Taking into account the acquisition of Delta Ice-Cream, Nestlé strengthened its position as one of the largest ice-cream producers in the world.[2]

### The international ice-cream industry

In 2007, the ice-cream market globally accounted for $50 billion. Examples of the annual per capita consumption of ice-cream was 18.7 litres in the United States, 13.3 litres in Finland, 11.81 in Sweden, 8.91 in Denmark, 8.51 in Germany and 4.3 in Greece in 2006.[3] Globally the largest ice-cream competitors were Nestlé, Unilever (Algida/Walls), Haagen Dazs, Dreyers, Lotte and McDonald's. In Greece, Nestlé Hellas Ice-Cream SA, EVGA, Unilever (Algida) and Kri Kri shared almost 80 per cent of the market in terms of volume and 92 per cent in terms of value. In 2007, Nestlé Hellas Ice-cream SA held the leading position in the market.

### The story of Delta Ice-Cream

Delta ice-cream brands have traditionally been favoured by Greek consumers. Greeks preferred Delta brands because of the firm's Greek identity, taste, innovation and quality. These ice-cream brands had also become popular outside Greece. In the year 2000, Delta Ice-Cream SA, was selling through subsidiaries in Serbia, Romania, and Bulgaria. By 2001, a gross €70 million was invested by Delta Holdings in the Balkans, which allowed the firm to reach a market share of almost 50 per cent across these countries. However, even at that time, the firm was interested in collaborating with a strategic partner in the ice-cream market in the wider Balkan region.[4]

By 2004, Delta Ice-Cream held a leading market position in Greece, Romania, FYROM, Montenegro, Serbia, Hungary and Bulgaria. Balkan ice-cream markets tend to grow faster than western European markets.[5] This growth was good news for Delta Holdings whose market share in the region continued to grow in the period 2001–05.

### The Greek ice-cream market

Unlike other Europeans, Greeks associate ice-cream consumption exclusively with summer months, so the seasonal consumption of ice-cream in Greece begins in March, peaks in the summer months[6] and drops in October. During the period 1994–2002 Greek domestic consumption of ice-cream showed fluctuations with most consumers interested in individual and family packs of ice-cream (see Figure 12.9).[7] In 2007, impulse- and family-size packs of ice-cream accounted for 76 per cent of the market. The majority of consumers tended to prefer impulse-size ice-creams and mainly ice-cream sticks, to consume preferably at home,[8] yet most Greeks purchased ice-creams from street kiosks rather than supermarkets.

The Greek ice-cream market had a turnover of €250 million in 2007, and a growth rate of anything between 1–3 per cent was forecast for 2008.[9] In 2007, ICAP[10] forecast a rising trend in the sales of own-label

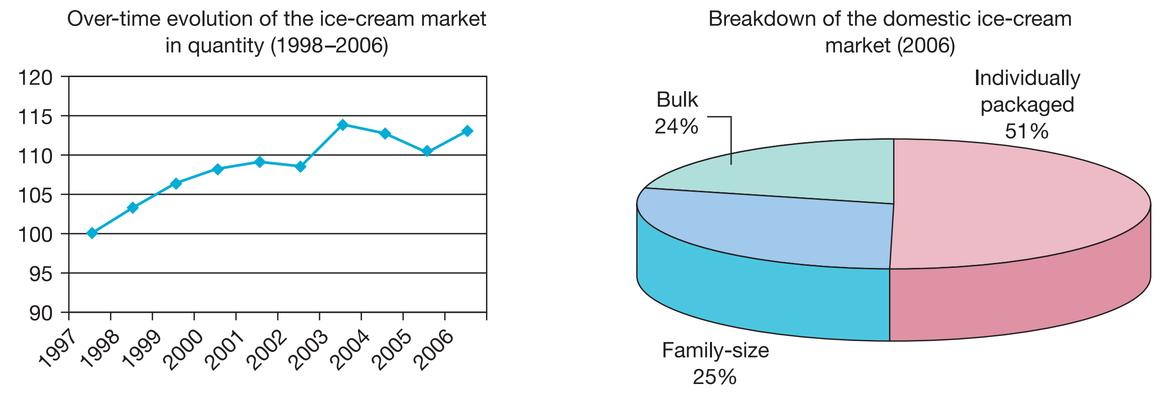


*Figure 12.9* Ice-cream consumption in Greece
Source: ICAP Sector Study on Ice-Cream (2007).

ice-creams, as well as an increase in the at-home consumption, irrespective of the point of purchase selected by consumers. ICAP justified this trend by explaining that children and young people (who comprise an important segment of the ice-cream market) spend an increasing amount of their free time at home, while the average person's free time is constantly shrinking.[11] Greeks obtain 'impulse' ice-creams principally from kiosks, but also from supermarkets, corner stores, restaurants and cafes. All these points of sale display ice-creams in branded firm refrigerators.

## Branding the product mix

In 2007, the product mix of Nestlé Hellas Ice Cream SA comprised ice-cream on sticks, ice lollies, ice-cream cups, ice-cream cones, ice-cream bars, multipacks and ice-cream sandwiches.

The Greeks favourite ice-cream cup is the firm's Nirvana brand, which comes in various flavours such as strawberry cheesecake, chocolate chip, coffee liqueur, cookies and cream, pralines and cream. The positioning of Nirvana presented in TV advertisements signalled the association of the brand with indulgence and a premium quality product. In 2006, the campaign for Nirvana included product tastings, outdoor and TV adverts, PR events and a contest. Artists were invited to produce artwork inspired by the mood that Nirvana generated in consumers. The best piece of work was offered the Nirvana award.

The Boss brand is the leading premium stick ice-cream product of the firm. Over the years the real-chocolate-coated Boss stick exuded indulgence and sensuality in its TV adverts. That image had always been projected via above- and below-the-line marketing communications of the brand. In 2007, the brand was extended with the additional flavours Boss Brownies and Boss Almond Vanilla. Multi-packs represent an ice-cream category with a high growth rate that attracts consumers who are interested in smaller portions without sacrificing their enjoyment. This type of product also interests consumers who prefer consumption of individual ice-cream units at home. In 2007, the firm created three new flavours for this line.

By 2008, Nestlé Hellas Ice Cream SA was identifiable by a renewed corporate image, that in 2007 had already appeared at the points of sale. The basic characteristics of the renewed image were the maintenance of the green colour of the refrigerators that hosted the product, but also augmented with a tone of renewal and freshness.[12] As the Greek ice-cream market is a mature market (characterised by intense seasonality and fluctuating demand), the firm paid attention to the improvement of the presentation of the product at the point of sale. In 2006, Nestlé aimed to develop the image of its ice-cream brands to be as attractive as possible, by allocating updated and well-presented refrigerators, with new and original promotional material attached to them at the points of sale. The branding strategy for 2007 was two-fold:

1. to combine the Delta ice-cream product mix with the international Nestlé ice-cream product mix.
2. to display the Nestlé logo alongside the Delta lego on the refrigerators, signalling the identification of the corporate Nestlé brand with the popular Delta brands.

In 2007, Nestlé renewed the representation of its identity by providing its distributors with new refrigerators illustrating combined brand imagery from both

Delta and Nestlé. The objective was to secure the taste that Greek ice-cream consumers demand from their ice-cream suppliers, by signalling the 'new identity' of the ice-creams. The visual representation of the 2007 refrigerators retained the green base colour that Greek consumers were familiar with at the points of sale, however, the refrigerators were revamped. In marketing terms the firm adopted a brand integration multi-stage process to 'merge' the Delta and Nestlé ice-cream brand personalities. Subsequently, all the TV adverts for Nestlé ice-cream brands stressed the fact that the brands were available from the *green* refrigerators (of Nestlé and Delta).

## The marketing challenge

Nestlé aimed to retain its leading position in the Greek ice-cream market without losing the customers who had been fans of the old Delta brands. The firm attempted to phase the rebranding over a period of several years. In 2007, the firm decided to retain the familiar green refrigerators, but include the Nestlé logo on them. In 2008, the firm stopped using the Delta logo in one area of its communications, but retained Delta's successful brands in its contemporary product mix. In addition, in 2008 the firm removed the Delta logo from the packaging of the products. In the future the firm will need to find ways to complete the rebranding of the old Delta ice-creams by assigning them a Nestlé identity. The challenge is to effect this rebranding without offending Greek consumers by transforming a Greek brand into an international one. How should Nestlé proceed to fulfil the rebranding of its ice-creams?

## MiniCase endnotes/references


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## MiniCase questions

1. Discuss the branding issues of Nestlé Hellas Ice-Cream SA.
2. What are the advantages and disadvantages of the rebranding strategy adopted by Nestlé?
3. Design an integrated communications campaign to rebrand and reposition the Nestlé ice-cream product mix in Greece and in the wider Balkans region.

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