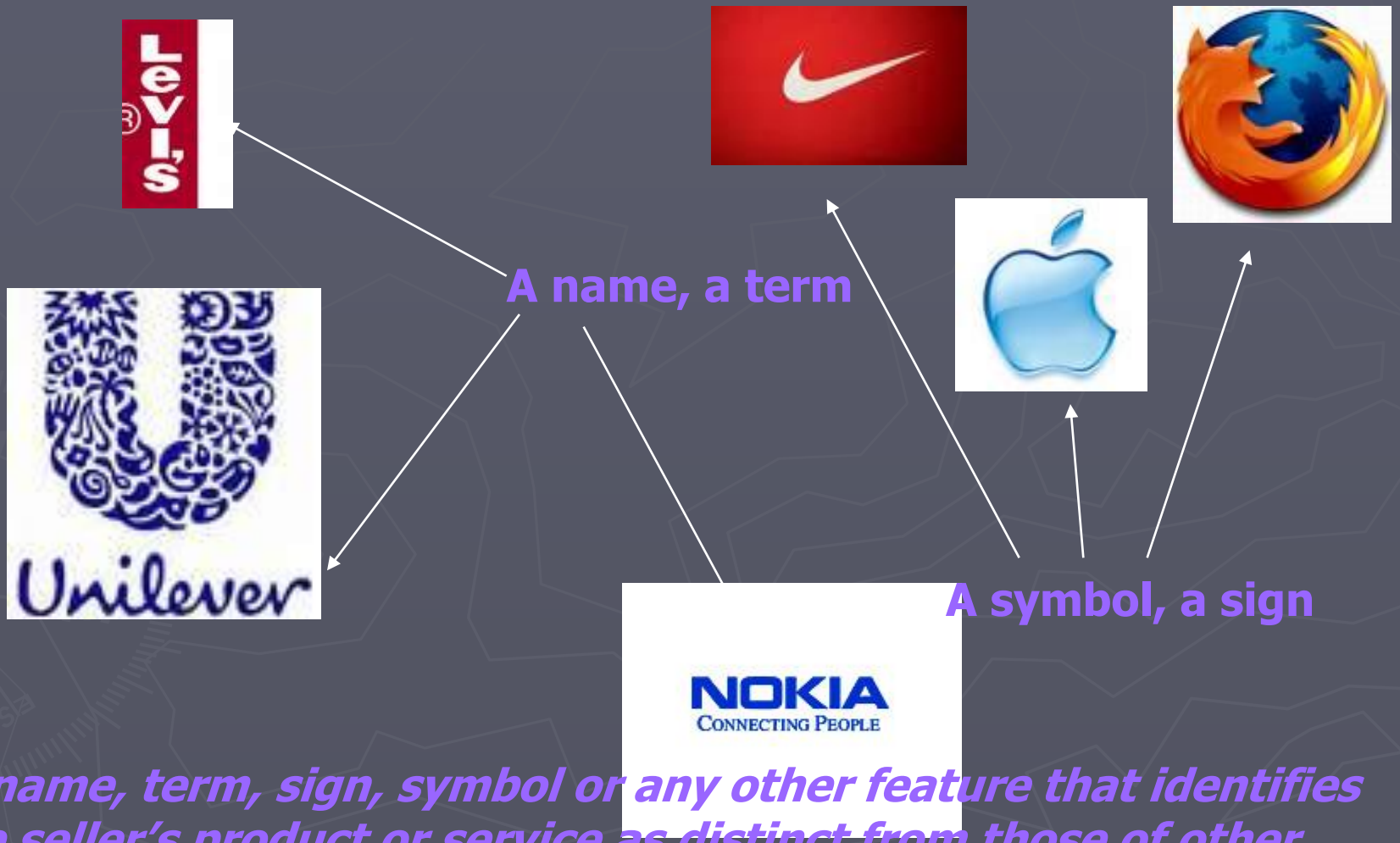
BRAND IMAGE

BRAND

ASTON MARTIN
Audi
SUBARU
BMW
BUICK
CHEVROLET
TESLA MOTORS
TOYOTA
CHRYSLER
CITROËN
DODGE
VOLVO
Ford
INFINITI
JAGUAR
SEAT
Koenigsegg
LANCIA
LOTUS
RENAULT
mazda
Mercedes-Benz
OPEL
FIAT
PORSCHE
SAAB

What is a brand?



"A name, term, sign, symbol or any other feature that identifies one seller's product or service as distinct from those of other sellers" -The American Marketing Association

What is a brand ?

(1) Products and services have become so alike that they fail to distinguish themselves by their quality, efficacy, reliability, assurance and care. Brands add emotion and trust to these products and services, thus providing clues that simplify consumers' choice.

(2) These added emotions and trust help create a *relationship* between brands and consumers, which ensures consumers' loyalty to the brands.

(3) Brands create aspirational lifestyles based on these consumer relationships. Associating oneself with a brand transfers these lifestyles onto consumers.

(4) The branded lifestyles extol values over and above the brands' product or service category that allow the brands to be extended into other product and service categories. Thus saving companies the trouble and costs of developing new brands, while entering new lucrative markets.

(5) The combination of emotions, relationships, lifestyles and values allows brand owners to charge a price premium for their products and services, which otherwise are barely distinguishable from generics.

Views on Brands

"A product with a personality."

Chris Staples, Rethink, Vancouver

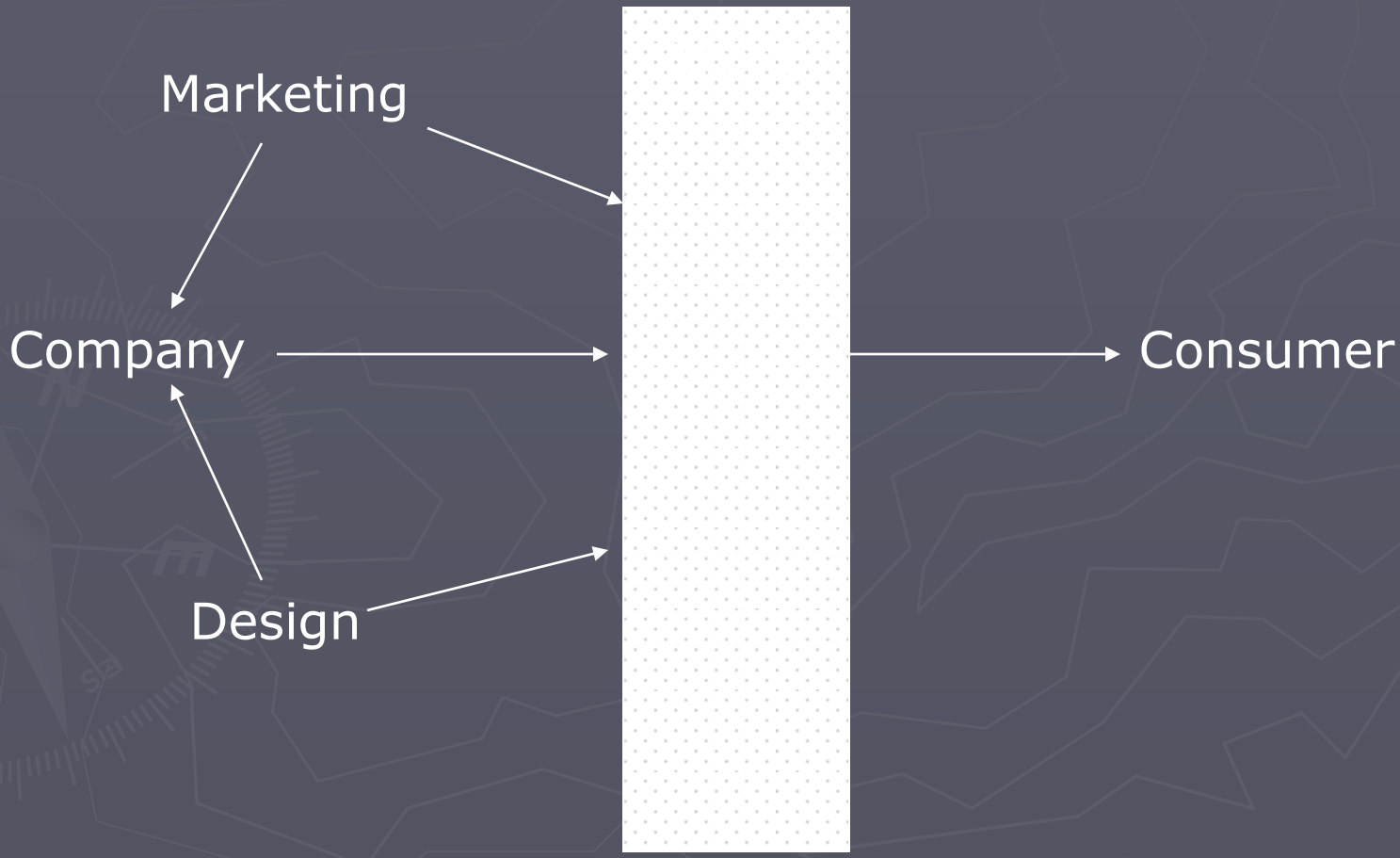
"A name, logo, or symbol that evokes in customers a perception of added value for which they will pay a premium price."

John Torella, J.C. Winters Group, Toronto

Marketing communications in any form has an impact on customers' perceptions.

What is a brand ?

Branding is a combined effort of the company which is projected to the consumer.



The Role of Brands

- Identify the maker
- Simplify product handling
- Organize accounting
- Signify quality
- Create barriers to entry
- Serve as a competitive advantage
- Secure price premium

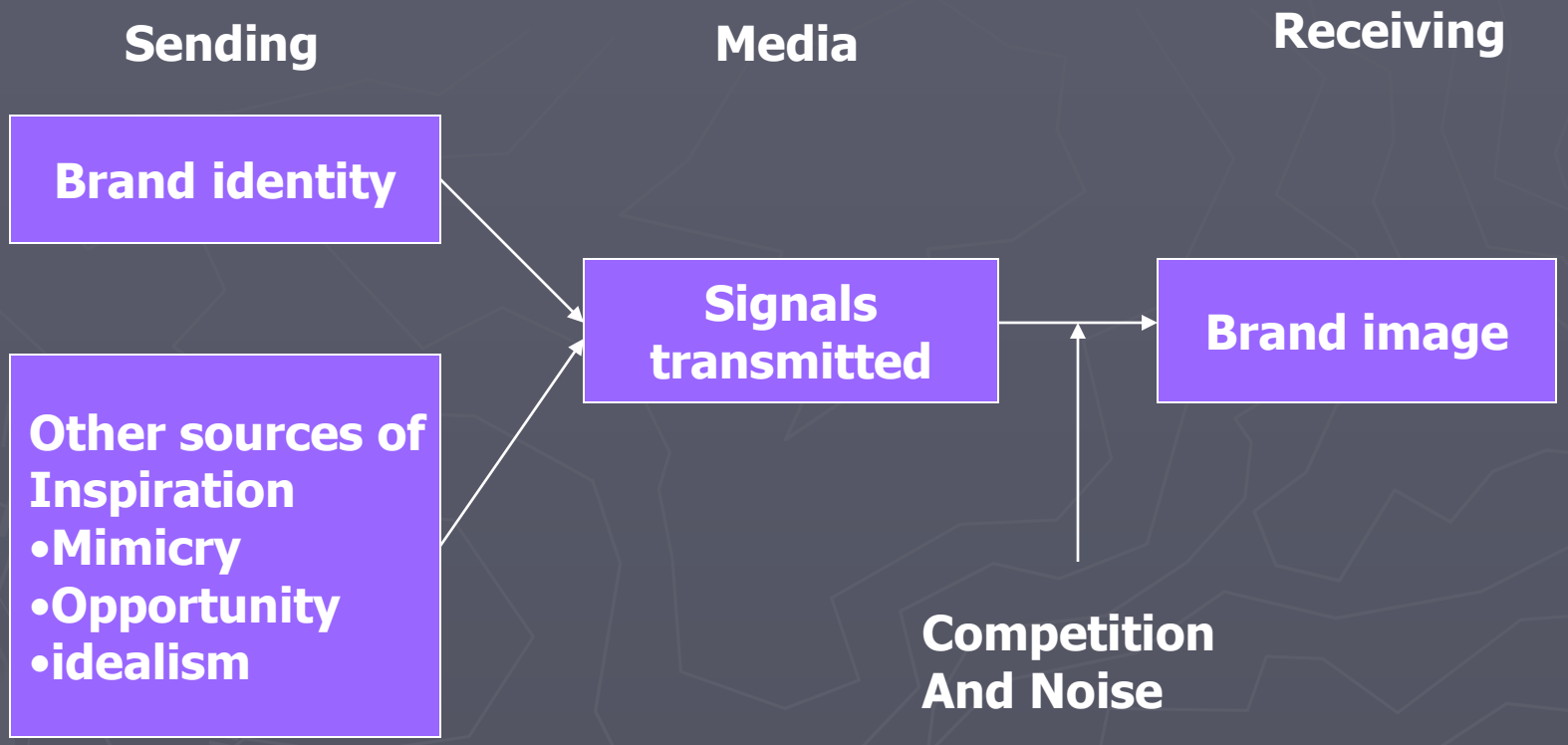
What is Brand Identity?

- A promise that gets kept consistently
- It creates a personality and a life for your products/services
- A unique and consistent look, feel, tone and voice for all communications
- It's essential to your success in the marketplace

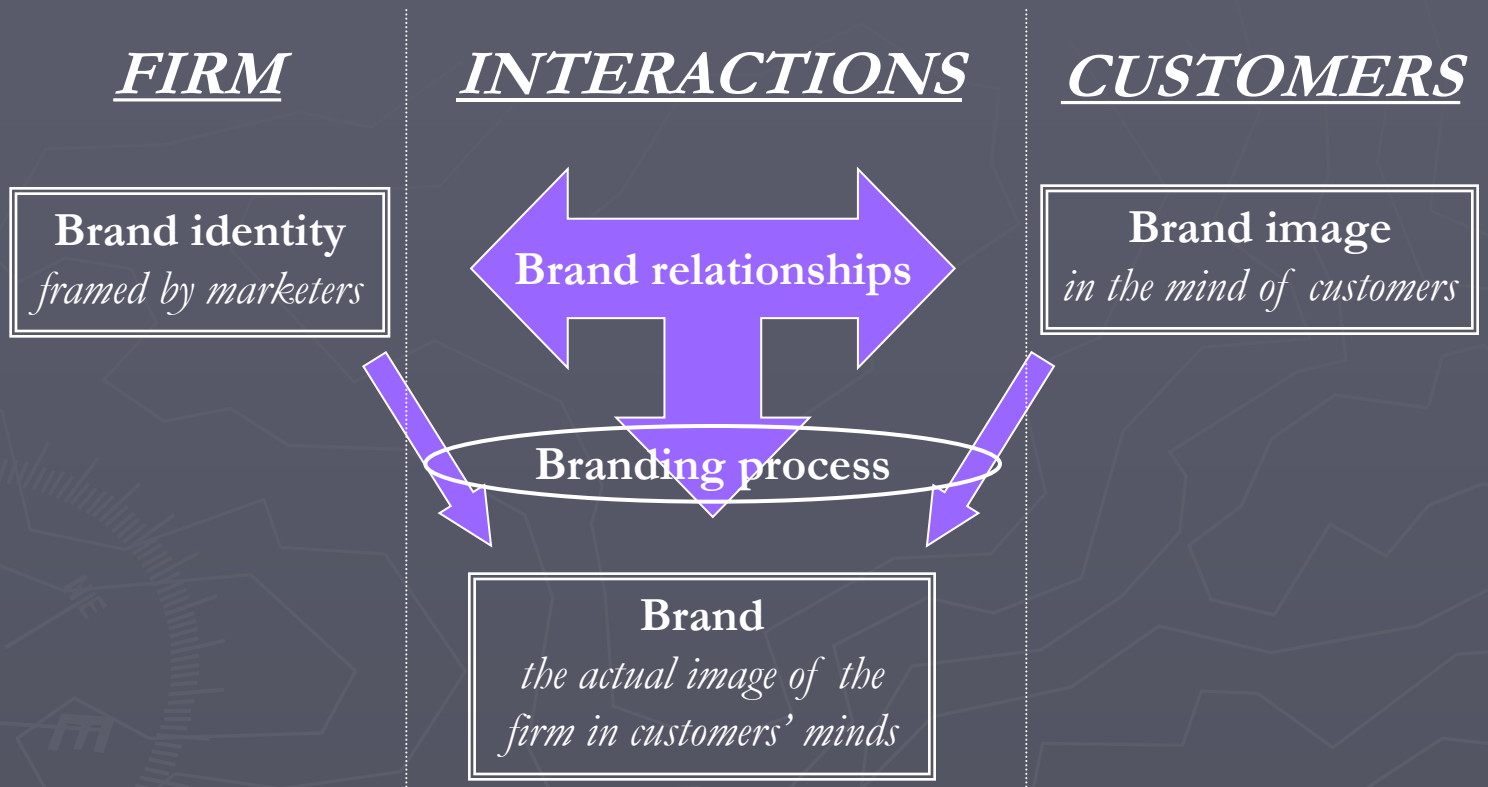
BRAND IMAGE

A unique set of associations in the minds of customers concerning what a brand stands for and the implied promises the brand makes.

Image and Identity



Brand relationships



A new definition based on Brand relationships: ***Brand is created in continuously developing brand relationships where the customer forms a differentiating image of a product or service based on all kinds of brand contacts that the customer is exposed to.***

Brand Loyalty

"The degree of consumer attachment to a brand."

Recognition	Awareness of name, benefit and package
Preference	Is useful, consumer will buy if available…evoked set
Insistence	Will search for; must have

- **Brand Awareness** -your product is the first that comes to mind in a certain product category
  eg. ice tea = Snapple, running shoes = Nike

What is Brand Equity?

- Brand equity is the added value endowed on products and services, which may be reflected in the way consumers, think, feel and act with respect to the brand.

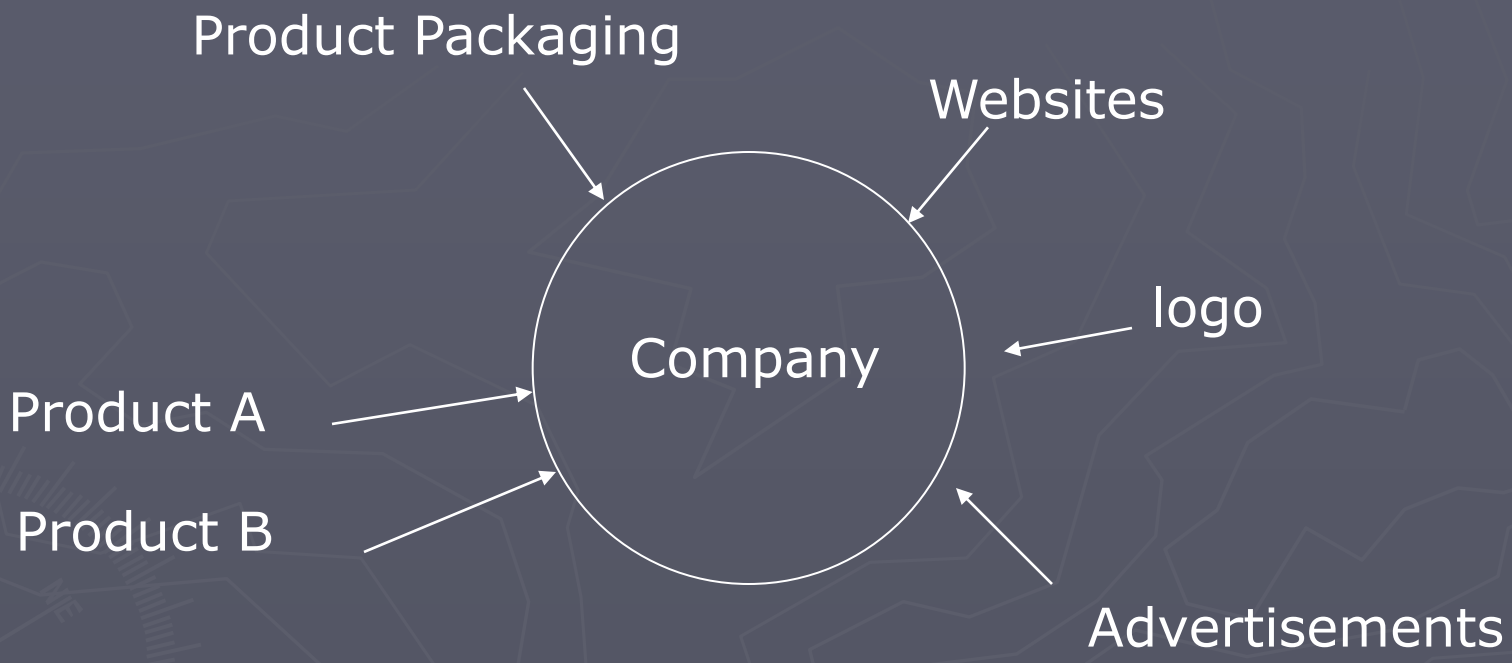
Advantages of Strong Brand

- Improved perceptions of product
- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic
- Greater trade cooperation
- Increase marketing communications effectiveness
- Possible licensing opportunities

What is a Brand Promise?

- A brand promise is the marketer's vision of what the brand must be and do for consumers

Integrity of Brand



A brand is a promise. A promise to achieve certain results, deliver a certain experience, or act in a certain way. A promise that is conveyed by everything people see, hear, touch, taste or smell about your business.

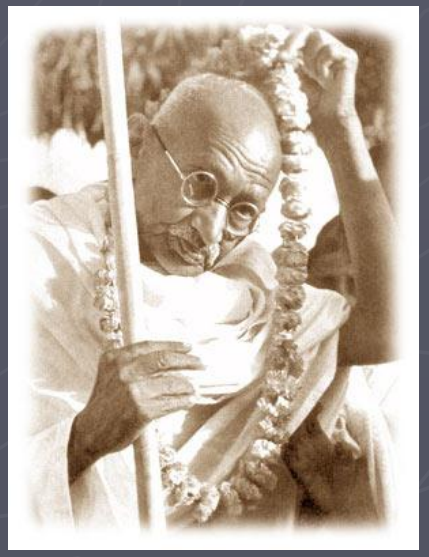
Components

- Personality and character
- Hard and Soft attributes
- Visual representations

Visual representations

- A white sari with a blue border

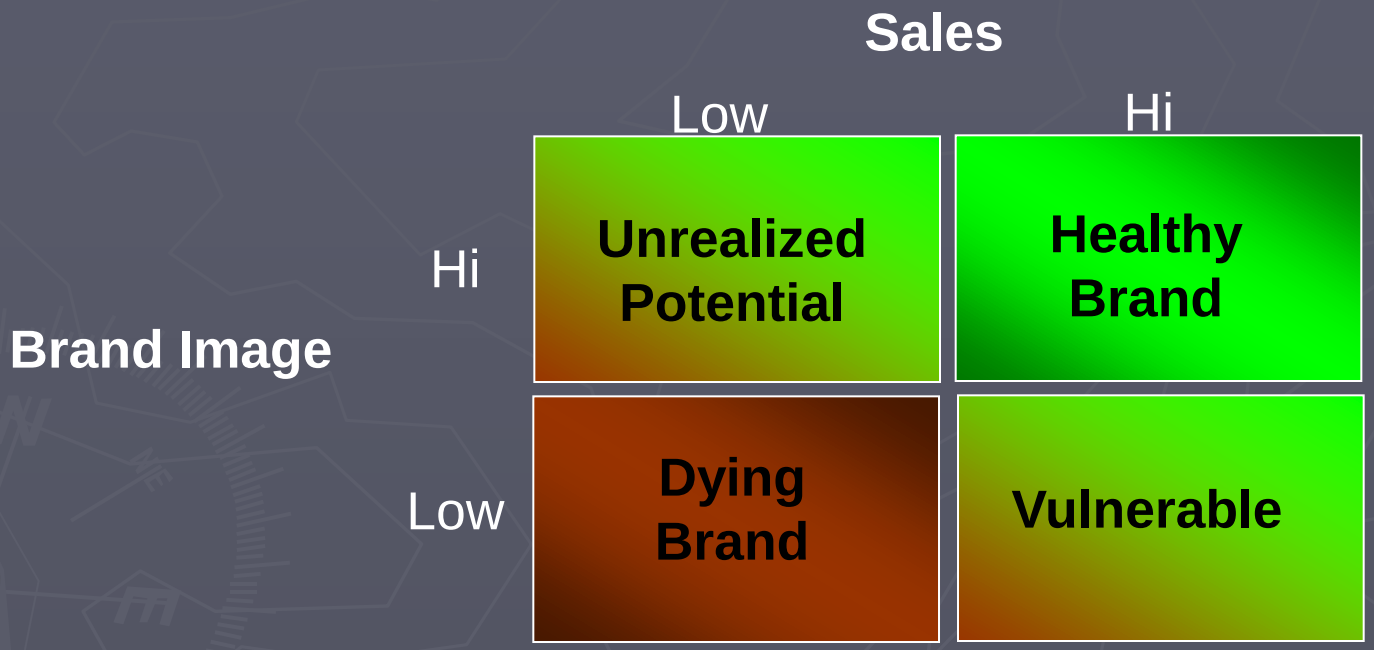
- Round shaped spectacles and a stick



The importance of image

- Image communicates **expectations**
- Image is a **filter influencing perceptions** of the performance of the firm
- Image is **a function of expectations** and **experiences**
- Image has **an internal impact** on employees

Brand Image Vs Sales



Drivers of Brand Equity

- Brand elements
- Marketing Activities
- Meaning transference

Key Brand Elements

- **Brand Name**-name, tagline, logo

- **Brand Promise**-The single most important thing your organization promises to deliver every time

- **Brand Personality**-what you want your brand to be known for (fun, serious,magical,forceful, etc.)

- **Brand Associations**-colors, taglines, images, fonts, uniforms, equipment, etc.

- Brand Recognition / Equity
- Brand Preference / Loyalty
- Brand Insistence

- Brand Awareness
- Brand Association

- **Brand Recognition / Equity** - awareness, loyalty, quality, emotion
- **Brand Preference / Loyalty** - the degree to which customers are committed to further purchases eg. I will always buy Reebok **(Brand Insistence)**

- **Brand Awareness** -your product is the first that comes to mind in a certain product category
  eg. Snapple ice tea, jeans-Levi's, walkman - SONY
- **Brand Association** - the link to favourable images, celebrities, geographic regions
  ie. Red Strip - Jamaica, VW - Germany, Screech - NFLD Bailey's - Eire

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  ie. Red Strip - Jamaica, VW - Germany, Screech - NFLD
  Bailey's - Eire
- Paul Hogan - Subaru
- James Earl Jones (voice of CNN)
- Chihuahua - Taco Bell
- Jordan - Nike
- Julia Louis Dryfuss - Nice and Easy
- Candice Bergen - Sprint Canada

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Brand Association - the link to favourable images, celebrities, geographic regions

- white diamonds - liz taylor
- BMW Z3 - 007
- roots hats - olympics
- fubu - urban trend / hip hop
- right guard - Sir Charles
- Ru Paul - MAC Cosmetics
- Seinfeld - AMEX

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Some Branding Strategies

Cont…

- The sum of all tangible & intangible traits.
- It represents all internal & external characteristics.
- It's anything & everything that influences how brand or a company is perceived by its target constituencies.
- It is the best, single marketable investment a company can make.

Advertising strategy

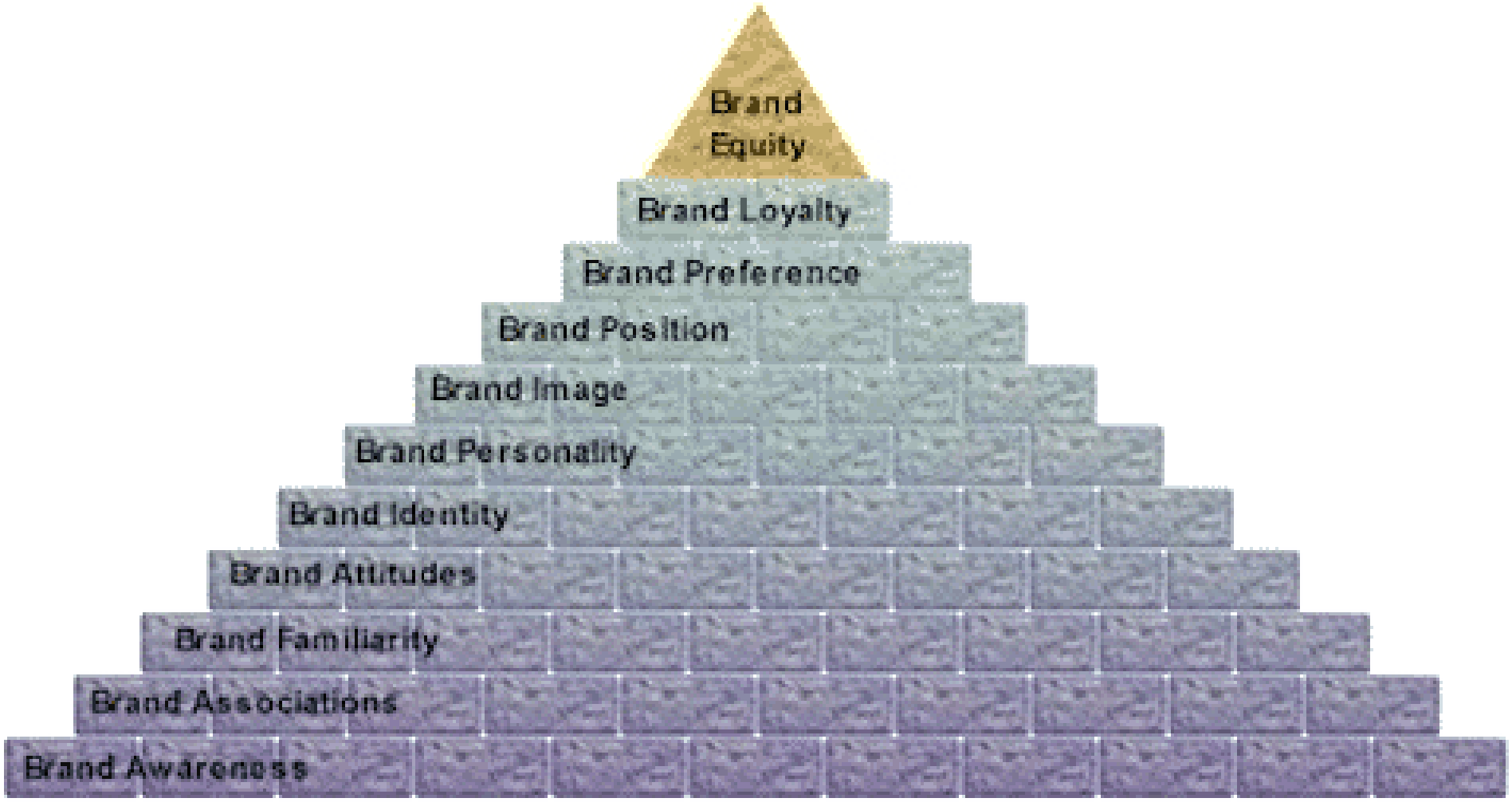
- Type of brand association : Benefit
  - ✓Fun, unpretentious, informal, classless, social

- Appropriateness of brand association
  - ✓Promotional advertising
  - ✓Theme advertising

- Strength of brand association
  - ✓Importance for consumers
  - ✓Consistency

- Uniqueness of brand association

Brand Equity & Image Assessment



Developing image in the good way

- What is **important for customers** is what they **experience**
- **➔Bad experiences always result in bad image**

- Hence, if a company has a **poor image,** it has to take the **correct measures** to improve it **based on reality:**

  - **Company unknown or not well known**
  - **<u>Action:</u> communication campaign**

  - **Company known but performing badly**
  - **<u>Action:</u> internal action** in order to improve performance. Communication can be used but at a second level.

The Top 25 Global Brands

Image Power	Brand	Share of Mind	Esteem
1	Coca-Cola	1	6
2	Sony	4	1
3	Mercedes-Benz	12	2
4	Kodak	5	9
5	Disney	8	5
6	Nestle	7	14
7	Toyota	6	23
8	McDonalds	2	85
9	IBM	20	4
10	Pepsi Cola	3	92

Image Power	Brand	Share of Mind	Esteem
11	Rolls Royce	23	3
12	Honda	9	22
13	Panasonic	17	10
14	Levi’s	16	8
15	Kleenex	13	14
16	Ford	10	24
17	Volkswagen	11	26
18	Kellogg’s	14	30
19	Porsche	27	11
20	Polaroid	15	44
21	BMW	32	12
22	Colgate	21	51
23	Seiko	33	15
24	Nescafe	19	64
25	Canon	35	17

Branding

What is Branding?

- Branding is endowing products and services with the power of the brand

The Nike's case

- Reflects the popularity of a well-known TM
- The "Swoosh" is the well known symbol of Nike
- Originally Nike's logo included also the shoemaker's name
- At the end of the nineties, the Nike's name disappeared
- The swoosh remained as the main identification symbol of the shoemaker
- Today there is no need to include the brand into this logo since the recognition of a simple swoosh automatically brings our attention to Nike

The "Swoosh"

Branding Strategy

- Leveraging the power of the brand name to cover the market more effectively
  - Brand associations
- Why do we do it?
  - Phenomenally expensive to create and promote a new brand name (at least 100 – 150 million dollars)
  - Too many brands out there
  - Increase productivity of current marketing programs

Case 1

- Your brand has a respectable market share but you want it to grow. What do you do?
  - Address segment needs more precisely
- How can you use the equity of the brand name to address segment needs even better?
  - Sub-branding / umbrella branding

Sub-branding

- Creating new brands which are part of the parent brand family – expressed as suffixes of the parent brand.
- *e.g Nike Air Jordan is a sub-brand of Nike which is the parent brand. Air Trigo, Air Mohawk are sub-brands of Nike Air.*
- *Apple I-Pod, I-Pod Mini, I-Pod Shuffle and now the I-Pod Nano*

Umbrella branding

- When you have many sub-brands, each linked to a common brand, then the common brand is known as the umbrella brand
- E.g. Ford Taurus, Ford Explorer, Ford Focus, Ford Ranger, Ford Five Hundred, Ford Freestyle, Ford Expedition, Ford Thunderbird, etc.

Case 2

- Your brand has a respectable market share and you want to protect it from growing competition. What do you do?
  - Address that section of the market which does not buy your product
- How can you attract customers who do not buy into your brand's equity?
  - Flanker branding

Flanker Brand

- Different brand name – same product
  - Purpose: Pre-empt competition, cover the market more completely (protect your flanks)
  - Problem: some cannibalization is expected.
- *E.g. Thums Up and Coca Cola in India*
- *General Mills – Robin Hood and Gold Medal brand flour*
- *Tide and Cheer from P&G*

Case 3

- Your brand is strong in your current market. The market is saturated and you are looking to diversify. What do you do?
  - Identify another product and give it the same brand name
- If the new product is in the same product line – Line Extension
- If the new product is from a completely different product line – Brand Extension

Brand Extension

- Same brand name, new product line e.g. Reebok shoes and Reebok water. Nike shoes and Nike casuals. Chevy cars and Chevy men's cologne. Hooters restaurants and Hooters airline
- The concept of congruence determines the success of a brand extension strategy. E.g. Johnson's baby powder and Johnson's baby oil – high congruence. But imagine Lysol toilet bowl cleaner and Lysol toothpaste!!!

Line Extension

- Same brand name, different product in the same product line.
  - E.g. Ivory soap and Ivory shampoo; IBM PCs and IBM laptops
  - Line extensions are safer strategies than brand extensions since congruence is always higher.

Case 4

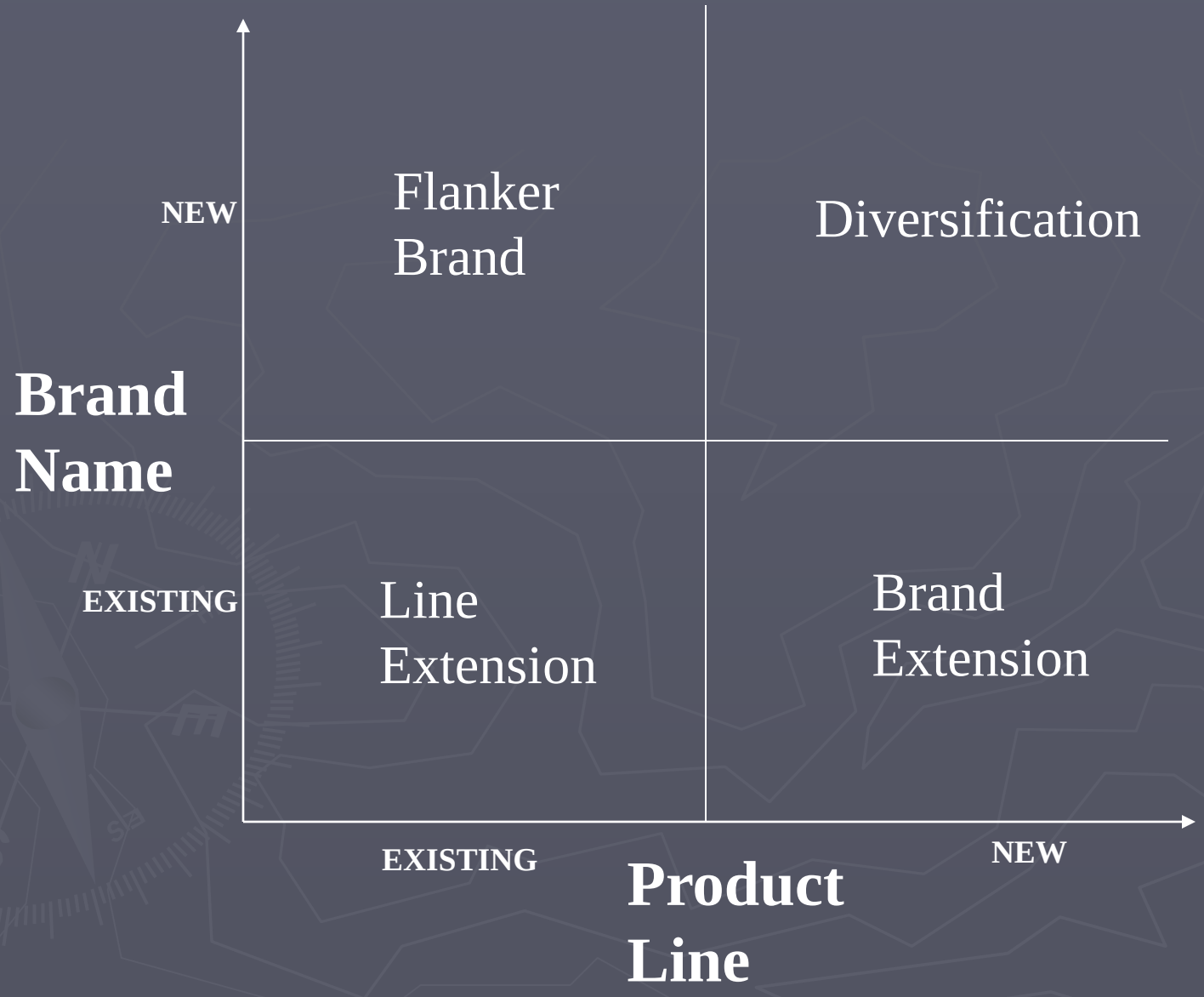
- Your brand is sold in the B2B market as a component of another product. You want the brand to get consumer recognition and equity. What do you do?
  - Tell consumers about your brand's presence in the final product
- **Ingredient branding**: Branding an ingredient of the main brand, which is often manufactured by a different company.
- *E.g. Intel Inside is an ingredient brand on IBM, Dell, Compaq, etc. computers; Breyers Chocolate Ice Cream with Hershey's pieces / M & Ms; Breyers icecream with Splenda*

Case 5

- You have a strong brand but want to penetrate the market even better. What do you do?
- **Complementary Branding OR Co-branding** – when two or more mutually reinforcing brands get together to jointly promote themselves (one is not an ingredient of another).
- E.g. co-branded credit cards like Chase MasterCard, OR Harley Davidson and Ford Explorer.

Product-Market Matrix

Product Line-Brand Matrix



1. New-Product Pricing Strategies
2. Product Mix Pricing Strategies
3. Price Adjustment Strategies
4. Price Changes
5. Public Policy and Pricing

New-Product Pricing Strategies

Pricing Strategies

- Market skimming pricing
- Market penetration pricing

New-Product Pricing Strategies

Pricing Strategies

Market skimming pricing is a strategy with high initial prices to "skim" revenue layers from the market

- Product quality and image must support the price
- Buyers must want the product at the price
- Costs of producing the product in small volume should not cancel the advantage of higher prices
- Competitors should not be able to enter the market easily

New-Product Pricing Strategies

Pricing Strategies

Market penetration pricing sets a low initial price in order to penetrate the market quickly and deeply to attract a large number of buyers quickly to gain market share

- Price sensitive market
- Inverse relationship of production and distribution cost to sales growth
- Low prices must keep competition out of the market

Product Mix Pricing Strategies

Pricing Strategies

- Product line pricing
- Optional product pricing
- Captive product pricing
- By-product pricing
- Product bundle pricing

Product Mix Pricing Strategies

Pricing Strategies

Product line pricing takes into account the cost differences between products in the line, customer evaluation of their features, and competitors' prices

Optional product pricing takes into account optional or accessory products along with the main product

Product Mix Pricing Strategies

Pricing Strategies

Captive product pricing involves products that must be used along with the main product

- **Two-part pricing** is where the price is broken into:
  - Fixed fee
  - Variable usage fee

Price Adjustment Strategies

Pricing Strategies

By-product pricing refers to products with little or no value produced as a result of the main product. Producers will seek little or no profit other than the cost to cover storage and delivery.

Price Adjustment Strategies

Pricing Strategies

Product bundle pricing combines several products at a reduced price

Price Adjustment Strategies

Pricing Strategies

- Discount and allowance pricing
- Segmented pricing
- Psychological pricing
- Promotional pricing
- Geographical pricing
- Dynamic pricing
- International pricing

Price Adjustment Strategies

Pricing Strategies

Discount and allowance pricing reduces prices to reward customer responses such as paying early or promoting the product

- Discounts
- Allowances

Price Adjustment Strategies

Pricing Strategies

- Discounts
  - Cash discount for paying promptly
  - Quantity discount for buying in large volume
  - Functional (trade) discount for selling, storing, distribution, and record keeping

Price Adjustment Strategies

Pricing Strategies

- Allowances
  - Trade in allowance for turning in an old item when buying a new one
  - Promotional allowance to reward dealers for participating in advertising or sales support programs

Price Adjustment Strategies

Pricing Strategies

Segmented pricing is used when a company sells a product at two or more prices even though the difference is not based on cost

- Customer segment pricing
- Product form segment pricing
- Location pricing

Price Adjustment Strategies

Pricing Strategies

To be effective:

- Market must be segmentable
- Segments must show different degrees of demand
- Watching the market cannot exceed the extra revenue obtained from the price difference
- Must be legal

Price Adjustment Strategies

Pricing Strategies

Customer segment pricing is when different customers pay different prices for the same product or service

Product form segment pricing is when different versions of the product are priced differently but not according to differences in cost

Location pricing is when the product is sold in different geographic areas and priced differently in those areas, even thought the cost is the same

Price Adjustment Strategies

Pricing Strategies

Robert Cross

Revenue management charges the right customer the right price at the right time

Yield management balances price and demand

Price Adjustment Strategies

Pricing Strategies

Psychological pricing occurs when sellers consider the psychology of prices and not simply the economics

- Reference prices are prices that buyers carry in their minds and refer to when looking at a given product
  - Noting current prices
  - Remembering past prices
  - Assessing the buying situations

Price Adjustment Strategies

Pricing Strategies

Promotional pricing is when prices are temporarily priced below list price or cost to increase demand

- Loss leaders
- Special event pricing
- Cash rebates
- Low interest financing
- Longer warrantees
- Free maintenance

Price Adjustment Strategies

Pricing Strategies

Loss leaders are products sold below cost to attract customers in the hope they will buy other items at normal markups

Special event pricing is used to attract customers during certain seasons or periods

Cash rebates are given to consumers who buy products within a specified time

Low interest financing, longer warrantees, and **free maintenance** lower the consumer's "total price"

Price Adjustment Strategies

Pricing Strategies

Risks of promotional pricing

- Used too frequently, and copies by competitors can create "deal-prone" customers who will wait for promotions and avoid buying at regular price
- Creates price wars

Price Adjustment Strategies

Pricing Strategies

Geographical pricing is used for customers in different parts of the country or the world

- FOB pricing
- Uniformed delivery pricing
- Zone pricing
- Basing point pricing
- Freight absorption pricing

Price Adjustment Strategies

Pricing Strategies

FOB (free on board) pricing means that the goods are delivered to the carrier and the title and responsibility passes to the customer

Uniformed delivery pricing means the company charges the same price plus freight to all customers, regardless of location

Price Adjustment Strategies

Pricing Strategies

Zone pricing means that the company sets up two or more zones where customers within a given zone pay a single total price

Basing point pricing means that a seller selects a given city as a "basing point" and charges all customers the freight cost associated from that city to the customer location regardless of the city from which the goods are actually shipped

Price Adjustment Strategies

Pricing Strategies

Freight absorption pricing means the seller absorbs all or part of the actual freight charge as an incentive to attract business in competitive markets

Price Adjustment Strategies

Pricing Strategies

- Dynamic pricing
- International pricing

Price Adjustment Strategies

Pricing Strategies

Dynamic pricing is when prices are adjusted continually to meet the characteristics and needs of the individual customer and situations

Price Adjustment Strategies

Pricing Strategies

International pricing is when prices are set in a specific country based on country-specific factors

- Economic conditions
- Competitive conditions
- Laws and regulations
- Infrastructure
- Company marketing objective

Price Changes

Initiating Pricing Changes

- Price cuts
- Price increases

Price Changes

Initiating Pricing Changes

Price cuts is a reduction in price

- Excess capacity
- Increase market share

Price increases is an increase in selling price

- Cost inflation
- Increased demand and lack of supply

Price Changes

Buyer Reactions to Pricing Changes

- Price cuts
  - New models will be available
  - Models are not selling well
  - Quality issues
- Price increases
  - Product is "hot"
  - Company greed

Price Changes

Responding to Price Changes

Questions

- Why did the competitor change the price?
- Is the price cut permanent or temporary?
- What is the effect on market share and profits?
- Will competitors respond?

Price Changes

Responding to Price Changes

Solutions

- Reduce price to match competition
- Maintain price but raise the perceived value through communications
- Improve quality and increase price
- Launch a lower-price "fighting brand"

Public Policy and Pricing

Pricing Within Channel Levels

Price fixing: Sellers must set prices without talking to competitors

Predatory pricing: Selling below cost with the intention of punishing a competitor or gaining higher long-term profits by putting competitors out of business

Public Policy and Pricing

Pricing Across Channel Levels

Robinson Patman Act prevents unfair price discrimination by ensuring that sellers offer the same price terms to customers at a given level of trade

- Price discrimination is allowed:
  - If the seller can prove that costs differ when selling to different retailers
  - If the seller manufactures different qualities of the same product for different retailers

Public Policy and Pricing

Pricing Across Channel Levels

Retail (resale) price maintenance is when a manufacturer requires a dealer to charge a specific retail price for its products

Deceptive pricing occurs when a seller states prices or price savings that mislead consumers or are not actually available to consumers

Public Policy and Pricing

Pricing Across Channel Levels

Deceptive pricing occurs when a seller states prices or price savings that mislead consumers or are not actually available to consumers

- Scanner fraud failure of the seller to enter current or sale prices into the computer system
- Price confusion results when firms employ pricing methods that make it difficult for consumers to understand what price they are really paying

The End