

BRAND MANAGEMENT

Tuning in



1. What is the company's main technique for building brand awareness?
2. What is "brand image"?
3. What place in the market shelf should a brand unit take?

4. Comment on the following

quotations:

"A product is something made in a factory; a brand is something that is bought by the customer."

"A product can be copied by a competitor; a brand is unique."

"A product can be quickly outdated; a successful brand is timeless".

Word study

Match these word partnerships to their meanings.

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|----|-------------------|---|---|
| 1 | brand loyalty | a | the name given to a product by the company that makes it |
| 2 | own-label product | b | using an existing name on another type of product |
| 3 | value for money | c | additional advantages produced by combining two ideas or resources |
| 4 | brand awareness | d | the brand with the largest market share |
| 5 | brand name | e | the way in which a company controls its brands and the way people think about them |
| 6 | generic product | f | the tendency to always buy a particular brand |
| 7 | luxury brand | g | a product that has the brand name of the shop that is selling |
| 8 | brand image | h | a product that is sold under its own name rather than under the name of a particular manufacturer |
| 9 | brand management | i | the ideas and beliefs people have about a brand |
| 10 | brand stretching | j | a famous brand with a long history |
| 11 | classic brand | k | the amount something is worth compared to the money that it costs |
| 12 | synergy effect | l | a brand associated with expensive, high quality products. |
| 13 | brand leader | m | how familiar people are with a brand |

Reading

Pre-reading task

1. Why do we need brands?
2. What makes a successful brand?
3. What can be branded?

Brand Management

Brands are insubstantial things, mere symbols, names, associations. Sometimes they signal real differences between products. Sometimes they are pure illusion. Either way, brands are close to a product's or company's reputation, and they influence consumers' perceptions. The wearer of a Rolex watch is concerned with more than keeping time; the BMW driver with more than getting from place to place. Brands add value by making customers loyal and, often, are willing to pay more for the things branded.

Despite the evidence of the value of brands, creating and sustaining that capital are often neglected by consumer-goods companies. Under pressure to make big short-run gains in sales, many brand managers are cavalier about the long-term commercial health of their products. Increasingly they are abandoning brand-building activities, such as advertising, in favour of tactics, especially price promotions, which aim to increase market share quickly. In 1980 promotions accounted for about a third of all spending on marketing, with advertising taking up the rest. Now, remarkably, the promotions have reversed.

A forthcoming book "Managing Brand Equity" by David Aaker, a marketing professor at the University of California at Berkeley, tries to cure brand managers of this myopia. As he says, managers often are not sufficiently aware of the damage the short-term thinking can do to good brands. A marketing plan centred on discounts and promotions, along with corner-cutting on quality, caused Schlitz, an American lager, to lose its position as a premium beer. In just five years, Schlitz went from \$48m in net profits to \$ 50m in losses.

Rarely rivals can inflict such severe damage. To launch a new consumer product in America can cost \$ 75-100m; even then, most fail. At the same time, old favourites become virtually invulnerable. In 19 of 22 standard product categories, today's leading brand was also on top in 1925. In the category of food blenders, consumers were still ranking General electric second — 20 years after the company had stopped making them.

The failure of challengers to overcome the resilience of familiar names has led to another tactic also prone to short-termism: brand-stretching. In their eagerness to extend a popular brand's recognition and reputation to a new type of product, managers often overlook basic problems with the "fit" between the old name and the new item. Levi Strauss' s attempt to stretch itself to cover a line of smart suits failed dismally. Worse, it hurt the core brand: it took a snappy advertising campaign to get Levi's jeans business back on track.

Attempts to exploit additional sales from premium brands by taking them downmarket still are more risky. Cadillac's reputation has still not recovered from its effort to attract lower-income car buyers with its cheaper Cimarron model in the early 1980s. Diluting Cadillac's snob appeal put off image-conscious buyers who might normally have been keen on the car. Undisciplined use of the Gucci name almost brought the company to ruin; at one point there were some 14,000 different Gucci products.

Part of the problem is that the organization of most consumer-goods companies favours short time horizons. Brand managers at firms such as Unilever and Philip Morris usually stay in their jobs for just a year or two. Brand oversight by top management is generally *ad hoc*.

One solution suggested by Mr. Aaker is for companies to hire or appoint people solely to monitor the status of brands. These "brand-equity managers" would be charged with taking a long view on guarding products' images, name associations and perceived quality. They would have the final say over marketing plans and the decisions of ordinary brand managers. Such a system is being tried at Colgate-Palmolive and Canada Dry.

But unless the incentive structure within the consumer-goods companies is changed, "brand-equity" managers will provide little more than another layer of bureaucracy. As Mr. Aaker points out, the main reason for brand-related short-termism is shareholders' expectations of sparkling quarterly earnings. Because brand equity is hard to put a price on, punters must use returns as a guide to future performance. This is the source of pressure on brand managers to turn to promotions to boost sales.

Price promotions can have a dramatic short-term effect on brand's sales, especially for some sorts of goods. For fruit drinks, increases of more than 400% during the first week of a promotion are common. But a new study by the London Business School shows that such promotions have no lasting effect on sales or brand loyalty. Some consumers switch temporarily to the promoted brand, but once the promotion ends, almost all of them go back to the one they normally prefer.

Promotions that merely offer a discount or a rebate can cheapen a brand's image. Since price is often a signal to consumers of a product's quality (witness luxury drinks like Chivas Regal), a brand that reinforces the brand's image, such as American Express's leather luggage tags, or increase brand awareness, such as Pillsbury's baking contests.

Similarly, thoughtful brand-stretching cannot only help a new product break into a crowded market but can also enhance the core brand's value. Frozen-juice bars and vitamin-C tablees have reinforced Sunkist's orange-tinted image of good health. But even a good "fit" has limits. Despite the association of a fruit-processor like Dole with all things tropical, Mr. Aaker says the company would be stretching things too far if it opened a tropical-travel service. His advice to brand managers echoes the words of David Ogilvy, a legendary adman: "The consumer is no moron; she is your wife."

Post-reading task.

1. Answer the following questions:

1. What are the advantages to a company building up a brand?
2. What mistake have brand managers been making in their marketing?
3. What do the terms "brand-stretching" and "taking a brand downmarket" mean?
4. Why is it dangerous to take a brand downmarket?
5. What is the thinking behind the appointment of "brand-equity manager"?
6. How effective are price promotions in the short-term? And in the long-term?
7. What negative effect can price promotions have on brands?
8. What benefits can brand-stretching bring?
9. Is it really important to be brand named?
10. Should brand units be sent to stock after creating a new collection?
11. How should the quality and price of a product be correlated?

2. Develop the idea using the following phrases from the text.

1. Sometimes brands signal real differences between products.
2. Brands add value by making customers loyal.
3. "Brand-equity managers" should monitor the status of brands.
4. Price promotions can have a dramatic short-term effect on brand's sales.
5. Price is often a signal to consumers of a product's quality.
6. Brand-stretching cannot only help a new product break into a crowded market
7. The organization of most consumer-goods companies favours short time horizons.

3. Match each word in the left box with a word in the right box to form ten common marketing expressions. Text 1 will help you.

brand	plan
premium	product
consumer	brand
market	brands
marketing	offer
price	campaigns
advertising	loyalty
special	awareness
core	share
brand	promotions

4. Use the expressions from ex.2 to complete the sentences that follow.
1. Marketing tactics such as aim to increase sales quickly.
 2. are important brand-building activities.
 3. Because of their association with quality and status, often cost a bit more.
 4. A good will maintain the long-term interests of the brand it is promoting.
 5. Starting up a new onto the market is a costly and risky business.
 6. The danger with brand-stretching is the damage that can result to the if it is not successful.
 7. The competition between companies for is severe.
 8. During a sale many goods are on
 9. Consumers who always buy the same brand of goods are showing
 10. is a measure of how well-known a product is in the marketplace.

5. Read the text and discuss how brand management impacts on consumer choice.

How branding influences purchase decisions.

If your business was a person, your brand would be its personality. It'd be how you introduce yourself to new friends (er, customers) and how you build a trusting relationship with them. Your brand is a living, breathing entity ... and it's your job to help it grow and improve.

This is what we call brand management.

Creating a brand is thrilling, but it's not enough. As your business scales, grows, changes, and succeeds, your brand must follow suit. That's why we created this guide — to cover the basics of brand management and equip you with the tools you need to manage and maintain a fantastic brand.

Brand management is the process of managing your brand reputation and improving your audience's perception of your brand in a way that builds brand awareness, equity, and loyalty.

While branding is the process of building your brand, brand management is the process of monitoring and maintaining it.

Your brand is a living, breathing thing, which means it's constantly changing. It's also very susceptible to external factors like news, trends, and current events. In a world where journalists, influencers, and social media users (just to mention a few) influence virtually every narrative, brand management is how you can take control of your business's story. It is using your branding and brand assets to communicate value and build loyal relationships with your followers, fans, and customers.

In short, your brand needs a manager to ensure its success.

Brand management extends far beyond marketing. Brand management should be intertwined with sales, human resources, and customer service — basically, any department that “touches” your followers, customers, and even potential employees.

When done successfully, brand management can:

- Boost your brand awareness
- Allow you to charge more for your products or services
- Influence your audience's purchase decisions
- Build customer loyalty
- Increase sales
- Create happy customers that become brand advocates

Principles of Brand Management

Brand management consists of both tangible and intangible components.

The intangible components include the principles that help you measure your brand management efforts and achieve those brand management success indicators that we discussed above.

Each of these principles can influence the others on this list. For example, heightened brand awareness can contribute to brand reputation, and increased brand loyalty can affect brand equity.

Brand Awareness

Brand awareness is how familiar the general public and your target audience is with your brand. Brand awareness is important because consumers can't engage with or purchase products or services from your brand if they're not aware of it.

Brand Equity

Brand equity is how consumers value your brand based on their experiences, perceptions, and associations. (This concept goes hand-in-hand with *brand valuation*, which is the commercial value of your brand as perceived by the market.) Brand equity is important because a valuable brand can support higher prices and increase your merit among investors, shareholders, and potential buyers.

Brand Loyalty

Brand loyalty refers to how consistently your customers and followers engage with and purchase from your brand. While your marketing can't necessarily influence this, your customer service department can — focusing on satisfaction and relationship-building can bring customers back time and time again. Brand loyalty is important because it creates brand ambassadors who do your marketing *for* you.

Brand Recognition

Brand recognition is how well a consumer, ideally in your target audience, can recognize your brand — through your logo, tagline, packaging, etc. — *without* seeing your brand name. This concept goes hand-in-hand with *brand recall*, which is the ability to think of a brand without seeing or hearing any branding prompts. Brand recognition is important because, by recognizing and recalling your brand, consumers keep your brand top-of-mind and are more likely to choose your brand above the competition.

Brand Reputation

Brand reputation refers to how the general public and your target audience perceive the character, status, and quality of your brand. Your reputation can be influenced by internal factors (customer service, product quality, etc.) and external factors (customer reviews, WOM marketing, news mentions, etc.). Brand reputation is important because it can be some consumers' first impression of your brand.