MKT 517

MARKETING AND BRAND MANAGEMENT

STUDY GUIDE

Textbook: **Strategic Brand Management: Building, Measuring, and Managing Brand Equity, Third Edition**

Custom CourseSmart ISBN: 1-25-685359-3
eText: ISBN-10 1-256-85359-3, ISBN-13 978-1-256-85359-6

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Please Note: Some chapters of the textbook may not be included in the Study Guide. The content of the excluded chapters is not within the scope of the course objectives. Learners are encouraged to read all textbook chapters as supplementary reading.

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HOW TO USE THIS GUIDE

Dear CalUniversity Student:

This Study Guide is intended to facilitate key learning points found in the textbook. Read this guide as you go through each unit of your course. Reflect on the 'Ask Yourself' questions as a **TRA** (Transfer, Retention, and Application) method. The guide is organized as follows:

- An overview of learning objectives
- Key learning points of each chapter
- Weekly Discussion Questions
- Unit Exams
- Unit Case Study
- Week 6 Discussion Question
- End of Course Survey
- Final Exam
- Week 6 Project
- Course Presentation

This guide is not a substitute for the textbook. The Summary at the end of each Chapter of the textbook highlights the learning points for each chapter and must be read.

You must read the Syllabus and other documents posted in the Course Document folder of your Course Room so you will understand how to maximize learning and earn the desired grade.

In the Syllabus you will fine important information such as:

- Grading requirements
- Definition of Credit Hours
- Study schedule
- Helpdesk information

You will find your course instructor's information including contact information and qualifications in the Instructor Policies document in the course room. Please do not hesitate to contact your course instructor if you have any questions.

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ACADEMIC INTEGRITY POLICY:

Ideas and learning form the core of the academic community. In all centers of education, learning is valued and honored. No learning community can thrive if its members compromise their achievement and seek to establish an unfair advantage over their fellow student/leaners. The academic standards are based on a pursuit of knowledge and assume a high level of integrity in every one of its members.

When this trust is violated, the academic community suffers injury and must act to ensure that its standards remain meaningful. The vehicle for this action is the Academic Integrity Policy outlined in CalUniversity's Student Handbook.

The Academic Integrity Policy is designed to foster a fair and impartial set of standards upon which academic dishonesty will be judged.

All student/learners are required to read, understand, and adhere to these standards, which define and specify the following mandatory sanctions for such dishonest acts as copying, plagiarism, lying, and unauthorized collaboration, alteration of records, bribery, or misrepresentation for the purpose of enhancing one's academic standing.

Please comply with the following:

1. Please read your Instructor's policy on submitting papers for plagiarism check and the consequences of plagiarism
2. Sign and submit the Probity Form (See Course Room Important Documents) to the General Discussion Forum
3. Submit your paper for plagiarism check (Go to the Student Resource Center). The similarity index should not be higher than 20%. If it is higher than 20%, reduce the percentage by deleting or paraphrasing the words identified as matching other papers. Submit your papers for grading only after you have taken this step.
4. Know the consequence of plagiarism:
    a. First Offense – Instructor's discretion (See Instructor Policies)
    b. Second Offense – "F" grade; student to attend and complete plagiarism workshop
    c. Third Offense – "F" grade; student placed on academic probation/dismissal

If you need more information on plagiarism, contact your Student Advisor to register for a workshop on how to avoid plagiarism.

COURSE OVERVIEW

MKT 517: MARKETING AND BRAND MANAGEMENT

Course Description:

This course introduces the students to the marketing management's role in an organization's total business strategy as it relates to the marketing manager's decision making process. It includes intensive study of marketing management; emphasis on the marketing environment; development of marketing strategies and formulation of policies; and integration of marketing with other functional areas of business through case studies. It explores the importance of marketing and how it has influenced the various industries and the tasks necessary for successful marketing. It has also focused on various marketing strategies, connecting with customers, shaping market offers, which helps the organizations to build strong bands and enables long-term growth.

Course Objectives:

The objectives of the course are to:

- Demonstrate the current trends and shifts in the fields of marketing management and how managers of all disciplines and contexts can utilize marketing principles to increase the effectiveness of their organization in the marketplace.
- Facilitate student understanding of the marketplace, its players, and its context and how the marketing mix can be management to strategically position products and services to optimize their performance.
- Allow students the opportunity to build a strategic marketing plan based on best practices and analyze a specific company's product or service offering to position it strategically in a market for the best placement and highest return.
- To provide insights into how to create profitable brand strategies by building, measuring, and managing brand equity.

Learning Outcomes (LO):

At the end of the course, learners will be able to:

LO 1. Define the concepts of brands, brand equity, and strategic brand management

LO 2. Explain how brand management strategies are used in the design and implementation of marketing programs and activities to build, measure, and manage brand equity.

LO 3. Analyze how the concept of a brand can be applied as an identifiable and differentiated good or service.
LO 4. Define the concept of the customer- based brand equity (CBBE) model, and how it is used for building, measuring, and managing customer- based brand equity.
LO 5. Addresses the critically important issue of competitive brand positioning.
LO 6. Describe how to choose brand elements (brand names, logos, symbols, slogans), as well as the role brand elements play in contributing to brand equity.
LO 7. Classify product, pricing, and distribution strategies
LO 8. Apply integrated marketing communication programs to build brand equity using the"4 Ps" of marketing (Product, Price, Promotion and Place distribution).
LO 9. Examine how to build brand equity by leveraging secondary associations from other entities like company, geographical region, person, and other brands.
LO 10. Analyze measurement of customer- based brand equity covering: a) what consumers know about brands, b) what marketers want them to know, and c) how marketers can develop measurement procedures to assess how well they're doing.
LO 11. Apply comprehensive concept of brand equity including the brand value chain and how to develop and implement a brand equity measurement system.
LO 12. Organize steps to measure customers' brand knowledge structures, in order to identify and quantify potential sources of brand equity.)
LO 13. Measuring potential outcomes of brand equity in terms of the major benefits a firm accrues from these sources of brand equity.
LO 14. Calculate issues related to branding strategies— which brand elements a firm chooses to apply across the various products it sells— and how to maximize brand equity across all the different brands and products that a firm might sell.
LO 15. Describe two important tools to help formulate branding strategies— the brand– product matrix and the brand hierarchy.
LO 16. Outline the pros and cons of brand extensions and develops guidelines for introducing and naming new products and brand extensions.
LO 17. Examine a number of specific topics in managing brands over time, such as the advantages of maintaining brand consistency, the importance of protecting sources of brand equity, and tradeoffs in fortifying vs. leveraging brands.
LO 18. Assess the differences in consumer behavior and different types of market segments for managing brand equity particularly as they apply to international issues and global branding strategies.
LO 19. Establish managerial guidelines and key themes to apply as success factors for branding.

UNIT ONE

Chapters & Learning Outcomes

The key points of the following chapters (see textbook) will be discussed in this Unit:

- Chapter One
  Brands and Brand Management pages 1 to 46
- Chapter Two
  Customer-Based Brand Equity pages47 to 96
- Chapter Three
  Brand Positioning pages 97 to 138

UNIT ONE LEARNING OUTCOMES

This Unit meets the following learning outcomes:

LO 1. Define the concepts of brands, brand equity, and strategic brand management

LO 2. Explain how brand management strategies are used in the design and implementation of marketing programs and activities to build, measure, and manage brand equity.

LO 3. Analyze how the concept of a brand can be applied as an identifiable and differentiated good or service.

LO 4. Define the concept of the customer- based brand equity (CBBE) model, and how it is used for building, measuring, and managing customer- based brand equity.

LO 5. Addresses the critically important issue of competitive brand positioning.

CHAPTER ONE

Brands and Brand Management

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Define the concept of brands and branding.
- Understand the important issues in planning, implementing and evaluating brand strategies.
- Provide appropriate concepts, theories, models and other tools to make better branding decisions.
- The management of a brand is typically the determining factor in the ultimate success or failure of the brand—you will learn what key factors contribute to successful brand management
- Understand the differentiating features of brands that distinguish them from competitors and add value for consumers.
- Understand that consumers often don't buy products, they buy the images associated with products.

WHAT IS A BRAND?

Ask yourself: What do brands mean to you? What are your favorite brands and why?

The chapter begins with an explanation of the concept of a brand. It defines a brand, according to the American Marketing Association, as a "name, term, sign, symbol or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition." It goes on to explain that in order to create a brand, one must choose a name, logo, symbol, package design or something else that will distinguish the product from others like it. Then it explores the different naming strategies of brands.

Ask yourself: What products have a logo or name that really stands out? Why?

Brands versus Products (Page 3)

This section explains the difference between a brand and a product. It then defines five levels of meaning for a product, the core benefit level, the generic product level, the expected product level, the augmented product level and the potential product level.

Figure 1-1 (Page 4) Illustrates these different levels in the context of two different products: air conditioners and portable MP3 players.

The section then compares how certain brands create competitive advantages through product performance and others through non-product related-means (appealing images etc.). (Page 5) It explains that often the most valuable asset a firm might have is the brand itself.

Figure 1-2 (Page 6-7) Shows why brands can be so valuable using Coca-Cola as the example.

WHY DO BRANDS MATTER? (Pages 6-10)

This section explores the importance of brands and what functions they perform that make them valuable to marketers. It looks at the value of brands to both consumers and to firms. **Figure 1-3 (Page 7)** Compares the role that brands play for consumers to that for manufacturers.

Consumers (Pages 6-9)

This section looks at the importance of brands to customers and shows how having a recognizable brand can help a consumer determine quickly (thus saving time and energy) if that product is right for him or her. If a product meets a consumer's expectations based on what the brand has promised, it is likely that a consumer will stick with that brand.

Ask yourself: What makes you decide on a product when you are shopping? Do you tend to stick to brands you recognize?

Consumers might also choose a brand because of how it might reflect their self-image. Brands can help a person define him or herself, and then convey that definition to others.

Ask yourself: Do you buy certain products because of their effect on how others will perceive you?

There are three types of products that each have a specific way in which consumers can assess their benefits, **search goods, experience goods** and **credence goods**. These are defined on **Page 8**.

On **Pages 8-9** you will see an examination of the different risks that one might take when choosing a product, and how a brand might help reduce these risks. Most obviously, a well-known and well-reviewed brand offers a low-risk decision.

Ask yourself: Do you ever take a risk and buy a brand that you don't recognize? If so, have you been disappointed or pleased? If not, why not?

Firms (Pages 9-10)

This section explains how important brands are to a firm, and why they can be bought, sold for a great deal of money. To a firm, a brand represents valuable legal property that is capable of influencing consumer behavior, and that will provide the security of sustained future revenues. On **Page 10 Figure 1-4a** shows the brand value of different companies compared to their net tangible assets.

CAN EVERYTHING BE BRANDED? (Pages 10-27)

This section looks at how a brand is created. First it explains the importance of conveying "who" the product is to consumers, so that they may see why the product is different from others. The section then dedicates itself to exploring product applications in different categories. You will learn that virtually anything can be branded.

Physical Goods (Pages 11-15)

This section explores how branding is being adopted for different consumer products. It starts by explaining the concept of **business to business branding (Pages 11-13),** when brands, often corporate, are created to target business customers. The example used is Eaton, a company that has thousands of products and uses the strength of its corporate brand to maintain the confidence of its consumers. The **Science of Branding 1-1 section on Pages 14 and 15** further explores this concept.

Branding Brief 1-2 (Pages 11-12) explores the different branding techniques used by De Beers over the years to promote their diamonds.

On **Page 13** we learn about struggles that **technology companies** have faced when it comes to branding, because often they lack the marketing skills now needed to promote new high-tech products. The example used is that of Intuit, the founder of which explains that although his product is technology-based, he targets the consumer market rather than the technology market, offering an easy and speedy program that will not intimidate its users. To explore this concept further, examine **The Science of Branding 1-2 (Pages 16 -17)**.

On **Page 15** branding strategies used by **Service Providers** is examined, with a close look at that of Southwest Airlines in the **Branding Brief 1-3 (Pages 18-19)**.

Retailers and Distributors must use branding in order to generate consumer interest, patronage and loyalty as is explored on **Pages 17-18**. The strategies used by Wal-Mart is examined in **Branding Brief 1-4 (Pages 20-21)**. Stores can sell their own **store brand**, or **private label brand**, in order to in crease customer loyalty and generate higher margins and profits.

Branding strategies used for **Services and Products sold Online** are explored on **Pages 19-21**. On **Pages 22-23 Branding Brief 1-5** takes closer look at how Amazon.com has used its brand to become a hugely profitable online service.

On **Pages 21-23** you will learn about how different **People and Organizations** use branding in order to promote themselves or their cause. Both **Paul Newman (Page 21-22)** and **National Geographic (Page 22-23)** are used as examples.

Next you will learn about marketing techniques used for **Sports, the Arts, and Entertainment**, on **Pages 23-25**. Sports teams have used branding in order to boost ticket sales and general attendance. Look at **Branding Brief 1-6 (Pages 24-25)** to see how Manchester United has done this with great success. In the entertainment industry movie titles as well as actor, producer and director names are heavily relied upon for marketing. The case *Star Wars* is examined **(Pages 24-25)**, as the licensing industry was practically nonexistent when the first film came out, but by the time the final film came out merchandising for the film generated billions of dollars in retail sales.

The tourism industry, and how it brands **geographic locations** in order to promote visits or even permanent moves from individuals and businesses is discussed on **Pages 25**, with a close look at how Las Vegas has promoted itself in **Branding Brief 1-7 (Pages 26-27)**.

Lastly, on **Page 26,** you will see how different **Ideas and Causes** are branded, and how this has helped many nonprofit organizations. The example used is that of the World Wildlife Fund, in **Branding Brief 1-8 on Pages 28.**

Ask yourself: Can you think of anything that cannot be branded? Pick an example that was not discussed in each of the categories provided (services; retailers and distributors; people & organizations; sports, arts, & entertainment) and describe how each is a brand.

WHAT ARE THE STRONGEST BRANDS? (Pages 27-30)

In this section you will learn about which brands are strongest and why. It is important to note that most of the leading brands have been leading brands since the 1920's. **Figure 1-5 on Page 29** shows *Business Weekly's* 25 Most Valuable Global Brands. **The Science of Branding 1-3 (Page 31-32)** examines the different factors that affect market leadership and looks at several products' leading brands in the 1930's versus now. You can also look at **Figure 1-9 on Page 34** to see an analysis of fast-growing brands.

Ask yourself: Who do you think has the strongest brands? Why? What do you think of the Business Week list of the 25 strongest brands in Figure 1-5? Do you agree with the rankings? Why or why not?

BRANDING CHALLENGES AND OPPORTUNITIES (Pages 30-37)

This section discusses the difficulties in managing brands in today's environment. A list of these can be found on **Page 34, in Figure 1-10**.

Savvy Customers (Pages 31 and 34-35)

The first difficulty that companies may face is the increasing experience with and knowledge about marketing of customers, causing them to be more demanding. Consumers are generally more resistant to advertising, it is thus harder to implant ideas in their minds. It is also believed that their expectations in products and services has changed.

Brand Proliferation (Page 35)

Most brands now have many products, making it difficult for marketers to decide on a strategy.

Media Fragmentation (Pages 35-36)

The communication budget devoted to advertising has shrunk over the years due to the decrease in success and influence that certain types of advertising, most notably on TV, has had. See the explanation of why this is on **Page 35**, **where cost, clutter, fragmentation and technology** are examined, and learn about why new non-traditional forms of communication are being used more and more by marketers. On **Page 36** you will read about how McDonald's has changed it's marketing activities and why.

Increased Competition (Page 36)

Learn how and why the marketplace has become more competitive, due to **globalization, low-priced competitors, brand extensions and deregulation**.

Increased Costs (Page 36)

Developing and marketing new products is becoming more and more expensive, and the failure rate is very high.

Greater Accountability (Pages 36 and 37)

Marketing managers who may not be as invested in their job due to high turnover rates often have to make decisions with short-term benefits but long term costs that can often result in quick-fix solutions with negative long-run consequences.

Ask yourself: What do you think of the new branding challenges and opportunities that were listed in the chapter? Can you think of any other issues?

THE BRAND EQUITY CONCEPT (Pages 37-38)

This section explains that although there is no one viewpoint about how to measure and conceptualize "brand equity," most people can agree that it consists of the "marketing effects uniquely attributable to a brand." Make sure you understand the **basic principles of branding and brand equity** on **Page 38**.

STRATEGIC BRAND MANAGEMENT PROCESS (Pages 38-41)

In this final section of the chapter you will learn about the four main steps of Strategic Brand Management Process, as explained in **Figure 1-11 on Page 39**.

Step 1: Identifying and Establishing Brand Positioning (Pages 38 and 39)

This first step requires a clear understanding of what the brand will represent and how it will be positioned with respect to its competitors, and how its advantages over its competitors will be conveyed to consumers.

Step 2: Planning and Implementing Brand Marketing Programs (Page 39 and 40)

In this second step we learn about three key factors that will help build brand equity:

-Choosing Brand Elements

-Integrating the Brand into Marketing Activities and the Supporting Marketing Program

-Leveraging Secondary Associations

Make sure you understand why these three factors are important and how to implement them.

Step 3: Measuring and Interpreting Brand Performance (Pages 40-41)

In this section you will learn what a **brand audit** is, along with how it can be used to evaluate a brand's positioning. You will also learn about the **brand value chain**, **brand tracking** and **brand equity measurement systems,** all of which help marketing managers manage their brands profitably.

Step 4: Growing and Sustaining Brand Equity (Page 41)

This last step deals with how to maintain and expand on brand equity. This requires the **definition of a clear branding strategy**, having a **long-term perspective of brand management** with proactive strategies designed to maintain and enhance customer-based brand equity over time, despite any changes that may occur, and finally having the ability to **expand a brand overseas**, making sure to account for different experience and behaviors of a different culture's market and consumers.

Non-Graded Activities

Chapter One Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week One section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week One Discussion Question (Chapter One):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

Find three brands that are on the endangered species list and answer the following:

1) **What are the reasons for the problems?**

2) **What are some prescriptive marketing measures?**

(Note: Your instructor will post the question to the Week One Weekly Discussion Question Forum)

CHAPTER TWO

Customer-Based Brand Equity

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Understand the CBBE model
- Learn about brand awareness and brand imagery
- Define the four steps of branding according to the CBBE model
- Learn to create customer-brand relationships
- Define customer-based brand equity

Chapter 2 explains the concept of Customer-based brand equity (CBBE), which is the focus of the book. It emphasizes and explains the importance of brand awareness, and describes how brand knowledge can effect brand equity.

CUSTOMER BASED BRAND EQUITY (PAGES 48-51)

This section defines the concept of **Customer-based brand equity**, or **CBBE**, a model that approaches brand equity from the perspective of the consumer. The concept of the CBBE model is that the power of the brand lies in the overall experience customers have had with a brand over time. Make sure you understand the terms **"differential effect," "brand knowledge,"** and **"consumer response to marketing,"** explained on **Pages 48-49**.

Figure 2-1 (Page 49) summarizes the marketing advantages of strong brands, which are explained in detail in **Brand Focus 2.0 (Pages 88-96)**

The example of a blind taste test is give on Page 49, showing the difference when the tasters (consumers) did and did not know the brand of beer that they were tasting. The result was that consumers, despite having a preference for a certain brand of beer, in fact often could not distinguish between beers in the blind taste. **Figure 2-2 (Page 50)** shows the perceptual maps of this test.

Ask yourself: Is there a brand that you prefer even though you know that you might not be able to tell the difference between it and another? Why do you favor one brand over the other of a similar or same product?

Brand Equity as a Bridge (Pages 49-51)

This section explores how marketers can use the CBBE model to use past consumer experience to help improve future marketing strategies.

Brands as a Reflection of the Past (Pages 49-51)

Here you will learn why it is important for managers to regard their manufacturing and marketing expenses as "investments in what consumers learned, felt and experienced about the brand." These investments must be spent wisely.

Brands as a Direction for the Future (Page 51)

This section explains that future directions for the brand will ultimately be decided by consumers—they will decide and allow where the brand should go based on their brand beliefs and attitudes.

MAKING A BRAND STRONG: BRAND KNOWLEDGE (Pages 51-53)

This section defines brand knowledge, explaining that it has two components, **brand awareness** and **brand image**. Brand awareness influences the nature and strength of associations that comprise the brand image. The strength of associations depends upon the relevance of information consumers encounter about the brand and the consistency with which the information is presented over time. A brand's image reflects all the associations consumers have for a brand in memory. These associations can be about attributes and benefits of the brand, or attitudes toward it. The example of Apple computers is given, showing that through skillful marketing, consumers associate many positive images with the brand. See **Figure 2-3 (Page 52).**

In **The Science of Branding 2-1 (Pages 52-53)** you will learn about the book No Logo, in which the author, Naomi Klein, explains what aspects of global corporate growth have led to consumer backlash against brands, and why.

Ask yourself: Do you agree or disagree with Naomi Klein's beliefs on the growth of corporate power and its effect on consumers?

SOURCES OF BRAND EQUITY (Pages 53-59)

Here you will learn how brand equity is caused and created. Brand awareness and the strength of brand associations are hugely important in determining the differential response that makes up brand equity.

Brand Awareness (Pages 54-56)

This section highlights two components of brand awareness, brand recognition and brand recall. **Brand recognition** allows a consumer to recognize a brand as one they have seen before when being presented with it again, and **brand recall** is when the consumer is able to remember a brand when given the product category.

On **Pages 54-55** You will learn about the three advantages of brand awareness:

1) **Learning advantages:** When the brand is registered in the minds of consumers, it becomes easier to build brand equity.
2) **Consideration advantages:** Raising brand awareness will increase the chances that the brand will be among those that a consumer is *considering*, also known as the **consideration set**.
3) **Choice advantages:** Often consumers will choose a brand that is very familiar and well-established, especially when there is little difference between the products other than the brand. They may also not be qualified to judge the product quality, and will thus also chose their product based solely on how familiar they are with a certain brand.

As you will see on **Pages 55-56**, brand awareness is created by increasing a consumer's familiarity with the brand through repeated exposure. This section explores the different ways marketers pair their brand and it's product category in order to produce a successful advertising slogan or campaign.

Brand Image (Pages 56-59)

Marketers aim to create a positive brand image that will evoke strong, favorable and unique associations in the mind and memory of the consumer.

Strength of Brand Associations (Page 56-58): Brand associations are strengthened by two factors: **brand attributes**, the descriptive features that characterize a product or service, and **brand benefits,** the personal value and meaning that consumers attach to the product or service attributes. Examine **Figure 2-4 (Page 57)** to see how consumers evaluate the importance of different reasons for brand choice. It is important to find ways to market a brand other than intense advertising campaigns, as often, stronger associations come from personal experiences or recommendations, while company-influenced sources of information are weaker and more easily changed.

Favorability of Brand Associations (Page 58); Favorable brand associations are created by convincing consumers that the brand has relevant attributes and benefits that satisfy their needs and want—the consumer will thus associate positive associations (convenient, reliable, effective etc.) with the brand.

Uniqueness of Brand Association (Page 58-59): Consumers must be presented with a compelling reason why they should buy one product over another. Marketers thus are faced with the challenge of highlighting exactly what makes their brand unique. It is critical that consumers have strong and unique associations with a brand, in order for the brand to succeed on the market.

Ask yourself: Pick a brand. What are the sources of brand equity? What is its level of brand awareness, and what are the positive associations that go with this brand?

BUILDING A STRONG BRAND: THE FOUR STEPS OF BRAND BUILDING (Pages 59-79)

This section explains the four steps required to build a brand in accordance with the CBBE model. These four steps require clear definitions of the **brand identity, brand meaning, brand responses** and **brand relationships,** as explained on **Page 60**.

Brand Building Blocks (Page 60): There are six brand building blocks required to create significant brand equity, as shown in **Figures 2-5 and 2-6 (Pages 60-61).**

Brand Salience (Pages 60-64): This concept measures brand awareness or how easily the brand comes to mind or is recognized and/or recalled. How likely is it that a consumer will recall a certain brand, and does the consumer have in mind what basic functions the brand provides? It is important to understand how product categories are organized in memory. See **Figure 2-7 (Page 63)** for an example of one hierarchy that might exist in the mind of a consumer. A product must have both a **depth of awareness**, in order that it come easily to a consumer's mind, and a **breadth of awareness**, so that it may come to a consumer's mind in many situations. Read the example given regarding Campbell's Soup on **Pages 63-64** to have a clear idea of the difference between depth and breadth of awareness.

Brand Performance (Pages 64-65): It is very important that a product satisfies customers' more functional needs and expectations. Examine and make sure you understand the five attributes and benefits that underlie brand performance on **Page 65.**

Brand Imagery (Pages 65-67): Brand imagery is the way people think about a brand abstractly, rather than what they think the brand actually does. The four main intangibles that can be linked to a brand are listed on **Page 65**. Make sure you understand these clearly.

1) User Profiles: Consumers might associate a brand with a type of person who uses that brand, based on certain imagery used in the marketing of that brand.

2) Purchase and usage situations: Consumers will associate a typical time or location during which or where to use a brand.

3) Personality and Values: Brands often take on personality traits or express values in order to be more relatable to consumers. Traits might include "modern," "old fashioned," "lively," or "exotic."

4) History, heritage and Experiences: Brands may take on associations to their past and events in the brand history. These associations could recall personal or shared experiences of the customers, allowing them to relate more to the brand.

Brand Judgments (Pages 67-68): Consumers form their opinions about a brand based on the brand performance and imagery associations. There are four components **(Page 68)** of a product for which the consumers' judgment is the most important: **brand quality, brand credibility, brand consideration** and **brand superiority.**

Brand Feelings (Pages 67-71): In this section you will learn about the importance of the customers' emotional responses and reactions to a brand. Examine **The Ten Commandments of Emotional**

Branding in Figure 2-8 (Page 69). Then have a look at the six important types of brand-building feelings **(Page 69)**. **Branding Brief 2-1 (Pages 70-71)** looks at how Hallmark has used brand feelings with its customers. No matter what, if it's a judgment or a feeling, what's important is that the customer's thoughts remain positive.

Brand Resonance (Pages 72-74): The last of the four steps focuses on how strongly the customer feels that the brand is relatable, or "resonates" with him or her. Brand resonance and the relationships consumers have with brands have two dimensions: intensity and activity. These are then broken up into four categories on **Page 72**. Make sure that these are clear. **Branding Brief 2-2 (Page 73)** explores the way several different brands have tried to create a sense of community among users of the brand in order to encourage brand loyalty, as well as favorable brand intentions.

Ask yourself: Can every brand achieve resonance with its customers? Why or why not? Which brands resonate with you, and why?

Brand Building Implications (Pages 74-79): In this section five important branding tenets are discussed:

1) **Customers Own Brands:** The true measure of the strength of a brand is the way consumers think, feel and act with respect to the brand.
2) **Don't Take Shortcuts with Brands:** A great brand is built by the result of the careful accomplishment of a series of specific brand-building steps that are linked to the target consumers.
3) **Brands should have a Duality:** A brand should appeal to both the head and the heart.
4) **Brands Should have Richness:** Strong brands have many ways to create meaning with the consumers, and a wide range of situations that will evoke a consumer response.
5) **Brand Resonance Provides Important Focus:** It is important for marketers to focus on how the marketing of a brand affects consumer loyalty, attachment, community or engagement with the brand. For a closer look at the brands with a high brand resonance, see **Figure 2-10 (Page 79).**

Figure 2-9 (Pages 75-76) gives an in-depth look at the different brand building blocks.

CREATING CUSTOMER VALUE (Pages 79-86)

In this final section you will learn about the importance of creating customer-brand relationships in order to build brand resonance and thus create a strong brand. Look at **The Science of Branding 2-2 (Pages 82-83)** and read about how to determine if certain companies might be consumer-centric.

Customer Relationship Management (CRM) (Pages 79-81): CRM tracks consumer activity and manages customer interactions with a company in order to help improve customer-brand relations.

Look at **Branding Brief 2-3 (Pages 80-81)** to see what strategies Jones Soda uses to make sure its customers care about the brand.

Customer Equity (Pages 81-84): The Customer lifetime value (CLV) is affected by revenue and by the cost of customer acquisition, retention, and cross-selling. Read the examples of the two companies, **Blattberg and Colleagues (Pages 81-83)** and **Rust, Zeithaml, and Lemon (Pages 83-84)** to see several different ways in which customer equity is defined and calculated. You can then read about the examination of this same subject as done by **Kumar and Colleagues (Page 84).**

Relationship of Customer Equity to Brand Equity (Pages 84-86): In this section you will see how to relate brand equity management to customer equity management. See the matrix in **Figure 2-11 (Page 85).** You will see in this final analysis that these two perspectives tend to emphasize different aspects—customer equity puts focus on the financial value created by customers, while the importance of creating a strong brand is not at all taken into account. Brand equity emphasizes the strategic issues in brand management and marketing, but there is less attention paid to the brand equity achieved with consumers. **Figure 2-12 (Page 85)** shows this discrepancy. Ideally, each of these perspectives would somehow overlap more to improve overall brand equity.

Non-Graded Activities

Chapter Two Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week One section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week One Discussion Question (Chapter Two):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Think of a brand and assess the extent to which the brand is achieving the various benefits of brand equity. What could be changed or improved?**

(Note: Your instructor will post the question to the Week One Weekly Discussion Question Forum)

CHAPTER THREE

Brand Positioning

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Define the concept of Brand Positioning
- Through the selection of a positioning strategy, marketers can influence the knowledge structures consumers have for a brand
- Learn how to determine the target market for a brand
- Positioning a brand involves choice of a target market, a competitive arena, and the sets of features and associations in which a brand is going to be similar to and different from its rivals.
- Define Points of Parity (POPs) and Points of Difference (PODs)
- POPs and PODs are important means by which brands can establish unique positioning
- Understand the steps required for brand positioning
- Learn how to create an effective brand mantra
- Internal branding strategies can be as important and effective as external branding efforts
- Understand the concept of a brand audit

Chapter 3 introduces many topics including how to calculate a mean and median, and using both as to determine the shape of a distribution. Thus this chapter will focus on the practical aspects of all three via example.

Page 108 and figure 3.1 should be reviewed for the exam.

IDENTIFYING AND ESTABLISHING BRAND POSITIONING (Pages 98-110)

In this section you will learn what strategic decisions must be made in order to put the CBBE model into action. You will learn about brand positioning and brand mantras, concepts which will help to guide those decisions.

Basic Concepts (Pages 98-99): Here you will learn about the concept of **Brand Positioning**, when marketers determine their desired brand meaning—what they would like consumers to know versus what they actually know. Look at **Branding Brief 3-1 (Page 100-101)** to see some of the positioning problems that cola companies have faced.

Target Market (Pages 99—104): This section will help you understand how to define and segment a market in order to choose target market segments. Make sure you understand the key words **market**

and **market segmentation**. **Figures 3-1 and 3-2 (Pages 99 and 102)** each show segmentation bases for consumer and industrial markets. You will see that there are either customer-oriented or product-oriented bases. You will read about how marketing programs can be put into place to attract one or more segments. Segmentation approaches can also build on brand loyalty or consumer behavior. **Figure 3-3 (Page 103)** shows a hypothetical example of the "funnel" model. In **Branding Brief 3-2 (Pages 104-105)** you can look at Mobil's benefit segmentation plan.

Certain criteria is offered to guide segmentation and target market decisions, as seen on **Page 103**, with the most important thing to consider being profitability.

Nature of Competition (Pages 104-107): The type of consumer being targeted defines the nature of competition, as other firms are also targeting that segment and consumers in that segment are most likely aware of other brands that offer the product being marketed. Here you will learn how to define, understand and navigate competition. **Branding Brief 3-3 (Pages 106-107)** shows competitive developments in the electronics industry.

Points of Parity and Points of Difference (Pages 107-110): Once marketers have defined the customer target market and the nature of competition, they can define the basis of the brand positioning.

Points of difference (PODs) are benefits that consumers associate positively with one brand and believe that other brands cannot offer to the same extent. Read about the different positioning concepts that relate to PODs, such as the **unique selling proposition** and **sustainable competitive advantage**, on **Page 108**.

Points of Parity Associations (POPs) are attributes which may be shared with other brands, and they are broken into two types: category and competitive. **Category points of parity** are the basic conditions that must be met by the product even at the generic level. **Competitive points of parity** are the associations created to negate competitors' points of difference.

Ask yourself: Think of a brand that you are familiar with, and think of its competitors. What are the PODs and POPs that the brands each focus on in order to position themselves?

POSITIONING GUIDELINES (Pages 110-121)

This section will explain the two key steps that must be taken in order to arrive at optimal competitive brand positioning: Defining and communicating the competitive frame of reference **(Pages 110-114)**, and choosing **(Pages 114-115)** and establishing **(Pages 115-121)** points of parity and points of difference.

The first step in **defining and communicating the competitive frame of reference** is to determine **category membership** based on which products the brand competes with. Customers need to know what the brand's category membership is in order to understand what the product is and what function it serves. On **Pages 112-113** you can read in detail about the three ways to convey a brand's category membership: communicate category benefits, compare to exemplars, and rely on the product descriptor.

Ask yourself: Pick a product and apply the categorization model to it. How do consumers make decisions regarding whether or not to buy the product and how do they arrive at their final brand decision? What are the implications for brand equity management for the brands in the category? How does it affect positioning for example?

In **Branding Brief 3-4 (Page 112-113)** you will see how competing in different categories can result in different competitive frames of reference, and thus different POPs and PODs.

When **choosing points of difference,** consumers must find the POD **desirable**, and they must believe the firm has the capabilities to **deliver** on it. As you will read on **Pages 114-115**, in order for a POD to be considered **desirable**, it must be **relevant, distinctive, and believable.** In order for a POD to be considered **deliverable**, it must meet the criteria of **feasibility, communicability, and sustainability**, as seen on **Page 115**.

Oftentimes the POPs and PODs of a brand are negatively correlated, and/or the benefits can have both positive and negative aspects. See **Figure 3-4 (Page 116)** for more about this. In order for marketers to address the problem of these negatively correlated POPs and PODs, there are three approaches a marketer can take:

1) **Separate the Attributes:** Two different marketing campaigns can be launched in order to separately promote a certain brand benefit.

2) **Leverage Equity of Another Equity:** Link the brand to any entity with the right kind of equity (person, other brand, event etc.) in order to establish an attribute or benefit.

3) **Redefine the Relationship:** Convince consumers that the negative relationship between attributes and benefits is actually positive.

Ask yourself: Can you think of any other negatively correlated attributes and benefits? Can you think of any other strategies to deal with negatively correlated attributes and benefits?

It is important to make sure to adjust and update brand positioning over time. This is explored in **Branding Brief 3-5 (Pages 118-119),** and you can also read the example of the credit card wars on **Pages 118-119**.

In updating positioning it is important to deepen the meanings associated with the brand positioning (**laddering**), and to respond to competitive challenges that threaten an existing positioning (**reacting**).

Laddering (Pages 118-120): Read about the priorities and needs of consumers (**Page 119)**, and make sure you understand how marketers tap into the more abstract values of customers in order to create deeper core associations.

Reaction (Pages 120-121): Make sure you understand the options a brand can choose when a competitor attempts to challenge a POD or overcome a POP.

DEFINING AND ESTABLISHING BRAND MANTRAS (Pages 121-125)

When a brand spans multiple product categories, it is important for marketers to create core brand associations, which might be synthesized to a brand mantra, in order to express the "heart and soul" of the brand.

Core Brand Associations (Pages 121-122) are the abstract associations that characterize the 5-10 most important aspects of a brand. They are essentially the first things that come to a consumer's mind regarding a brand. See the example of MTV in **Figure 3-5a and 3-5b (Pages 121 and 122, respectively)**.

A **Brand Mantra (Pages 122-125)** is a short, three-to-five-word phrase that captures the spirit of the brand positioning. It expresses what the brand fundamentally represents to consumers. An effective brand mantra communicates what the brand is and what it is not, in few words. In the examples of Nike and Disney (**Page 123**) you will see how the use of the **brand function, descriptive modifier,** and the **emotional modifier** helps to create a good, simple brand mantra. Take a look at **Branding Brief 3-6 (Page 124)** to see an in-depth exploration of Nike's brand mantra, or **Branding Brief 3-7 (Pages 126-127)** to see that of Disney.

It is important to develop a brand mantra at the same time as the brand positioning. Marketers must take the core brand associations and create a mantra that is simple, that expresses what is unique about the brand, and that is relevant to and inspires both the employees and customers. **(Page 125**)

Ask yourself: Think of one of your favorite brands. Can you come up with a brand mantra to capture its positioning? What do you think are some of the most effective brand mantras that exist today?

INTERNAL BRANDING (Pages 125-126)

While it is necessary that consumers have a clear and deep understanding of the brand, it is equally important that the employees of a firm do as well. This is referred to as **internal branding.**

BRAND AUDITS (Pages 126-131)

A **brand audit** is the examination of a brand to assess the health of the brand, to discover its sources of brand equity and to determine ways to improve and leverage its equity. A brand audit requires **Brand inventory (Pages 128-129) and Brand exploratory (Pages 129-130)**.

Brand inventory determines how all the products and services sold by a company are marketed and branded. It helps to suggest what consumers' current perceptions may be based on, and can reveal lack of perceived differences among different products sharing the brand name.

Brand exploratory (Pages 129-130) provides detailed information about what consumers think of the brand. This requires a look at any research that exists, no matter how old, interviews with internal personnel, and **qualitative research techniques** (see **Figure 3-6 on Page 129**). **Quantitative research** must also be employed in order to come up with a more definitive assessment of the depth and breadth of brand awareness and the strength, uniqueness and favorability of brand associations.

CHAPTER THREE

Non-Graded Activities

Chapter Three Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week One section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week One Discussion Question (Chapter Three):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Think of a category that is dominated my two main brands. Evaluate the positioning of each brand. Who are their target markets? What are their main points of parity and points of difference? Have they defined their positioning correctly? How might it be improved?**

(Note: Your instructor will post the question to the Week One Weekly Discussion Question Forum)

UNIT ONE ASSIGNMENTS

Unit One Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week One section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Unit One Case Analysis

Read *Campbell Soup* starting on page 63. This story raises the following questions:

- What are the branding challenges and opportunities facing Campbell's market?
- Apply the four steps of brand building to Campbell's future efforts. What do the results tell you? Why?
- How could how consumers make a decision whether or not to buy Campbell soup?

Address the above questions using a 3 to 5 page paper (1000 to 1500 words) in APA format. Below is a recommended outline.

1. Cover page (See APA Sample paper)
2. Introduction
    a. A thesis statement
    b. Purpose of paper
    c. Overview of paper
3. Body (Cite sources with in-text citations.)
4. Conclusion – Summary of main points
    a. Lessons Learned and Recommendations
5. References – List the references you cited in the text of your paper according to APA format.
    a. (Note: Do not include references that are not cited in the text of your paper)

GRADING

Your instructor will provide a grading rubric to evaluate your paper. Please see the Instructor Syllabus and Policies for details.

UNIT TWO

Chapters & Learning Outcomes

The key points of the following chapters (see textbook) will be discussed in this Unit:

- Chapter Four
  Choosing Brand Elements to Build Brand Equity pages 139 to 183
- Chapter Five
  Designing Marketing Programs to Build Brand Equity pages 184 to 228
- Chapter Six
  Integrating Marketing Communications
  to Build Brand Equity pages 229 to 278

UNIT TWO LEARNING OUTCOMES

This Unit meets the following learning outcomes:

LO 6. Describe how to choose brand elements (brand names, logos, symbols, slogans), as well as the role brand elements play in contributing to brand equity.

LO 7. Classify product, pricing, and distribution strategies

LO 8. Apply integrated marketing communication programs to build brand equity using the"4 Ps" of marketing (Product, Price, Promotion and Place distribution).

CHAPTER FOUR

Choosing Brand Elements to Build Brand Equity

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Understand the six criteria for brand elements
- Define each brand element
- Learn how to choose an effective brand name
- Understand the importance of a brand logo or symbol
- Consider the pros and cons of a brand character
- Learn how to come up with an effective brand slogan
- Learn about the benefits of a jingle
- Understand the significance of brand packaging
- Consider the best way to use brand elements to build brand equity and a cohesive brand identity

This chapter discusses the importance of brand elements, and how marketers choose brand elements to build brand equity.

CRITERIA FOR CHOOSING BRAND ELEMENTS (Pages 140-144)

This section explains the six criteria for brand elements. Make sure to look at Figure 4-1 (Page 141) to see the subchoices that go along with each one.

1) **Memorability**: It is necessary that brand elements are memorable and attention-getting in order to achieve a high level of brand awareness.

2) **Meaningfulness**: A brand element should make it easy for the consumer to correctly identify the product category, and it should have some information about the attributes and benefits of the brand.

3) **Likability**: The brand element should be aesthetically appealing. Read more about this in **The Science of Branding 4-1 (Pages 142-143)**, and in **Branding Brief 4-1 (Pages 144-145)** you can read about the specific example of PepsiCo.

4) **Transferability**: It can be useful if a brand element is less specific to a certain product, leaving open the option for line or category extensions.

5) **Adaptability**: It is important for a brand element to be adaptable over time, so that it can always remain contemporary and relevant to consumers values and opinions.

6) **Protectability**: It is imperative that a brand element can be protected internationally and that marketers can formally register it with the appropriate legal bodies. Marketers must be vigilant about defending trademarks from unauthorized use. See more about this in **The Science of Branding 4-2 (Pages 148-149)**.

Ask yourself: Think of a brand that you turn to often for consumption. What brand elements does it use? Do the brand elements meet all six criteria?

OPTIONS AND TACTICS FOR BRAND ELEMENTS (Pages 144-174)

In this section you will learn about how to choose a brand element so that it satisfies all the criteria. The section examines this process for all types of brand elements.

A **Brand's Name (Pages 145-154)** is extremely important because in a compact fashion, it must express the key associations if a product. It can be very difficult to find an appropriate and effective brand name (**see Figure 4-3 (Page 147**) for some examples of possible brand names) and marketers must do the necessary research to make sure the name does not accidentally have an alternative, unwanted meaning, especially in its translation (**see Figure 4-2 on Page 146**).

As is explained on **Pages 147-150**, a brand name should be simple to spell and pronounce, while being different, distinctive and unusual. Make sure you understand how a brand name can fit these criteria.

On **Pages 150-153** you will learn how to choose a brand name that reinforces an attribute or benefit association that makes up its product positioning. This can be performance-related, or abstract (see **Figure 4-4 on Page 151**), and the words do not necessarily have to be real. Often brand names are created based on a combination of small linguistic units, or **morphemes** (see **Page 151**). It is important to remember to choose a meaningful name that still leaves open the possibility of linking other associations if necessary. Figure 4-5 (Page 152) shows an overview of different categories of linguistic characteristics that might be considered when naming a brand. Make sure you also understand the different **phonemic elements (Page 153)** that also play a role in the naming of a brand.

On **Pages 153-154** you will learn about the basic steps to be taken when naming a brand. Make sure to examine **Figure 4-6 (Page 153)** so that you can be aware of common mistakes made during this process.

Firstly, the **branding objectives** must be defined—what is the role of the brand, how should it relate to other brands and products? Next, one must **come up with as many names and concepts as possible** related to the branding strategy. Then it's time to **screen the names and concepts against the branding**

objectives, in order to be able to start narrowing down the choices. **Study the final candidate names**, often starting with an international legal search, and then **conduct consumer research** to see how meaning and memorable each name is. Finally, select the final name based on the previous steps.

Ask yourself: Think of a few brands and say the brand name out loud? How does the pronunciation, or the simplicity affect your attitude toward the brand?

URLs (Pages 154-155): Because most words are already registered as a domain name, often companies are forced to coin a word for the brand name if they want to have a URL with the brand name in it. There are then the legal issues with protecting the brand from unauthorized use in other domain names.

Visual elements, such as **Logos and Symbols (Pages 155-157),** play a key role in building brand equity and brand awareness. A logo indicates origin, ownership or association, and can contain text or abstract designs. A symbol is a non-word mark logo. Logos and symbols are helpful in that they allow consumers to identify a product, they can be used in place of long brand names when space is an issue, and the can be easily updated over time to achieve a more contemporary look. Figure 4-7 (page 157) compares some of the most and least successful logos used by different companies.

Another type of brand symbol used is that of a **character (Pages 157-159)**, who are sometimes even animated or live action. Characters are usually colorful and rich in imagery, thus very attention getting, which helps increase brand awareness. They are very useful in communicating key product benefits, and their human qualities enhance their likability. They are also easily used to represent a wide range of products. Look at the example of GEICO in **Branding Brief 4-2 (Pages 160-161**). Unfortunately, sometimes a character might be too attention getting and likable, thus dominating other brand elements and dampening brand awareness. Also, some characters are not as relevant to certain cultures as to others (see **The Science of Branding 4-3 (Pages 162-163)** for more on this). Lastly, it is necessary to make sure the character is updated to remain relevant to the times. See the evolution of the Betty Crocker character over the years in **Branding Brief 4-3 (Pages 164-165).**

Slogans (Pages 159-164) are short phrases that are an efficient, shorthand means to communicate information about the brand to the consumer, and to build brand awareness. A good brand slogan will contribute to brand equity in several ways, by playing off the brand name to build both brand awareness and image. Take the **Slogans Quiz (Page 166)** to see if you can recognize the brand names that go with each one. While it is possible to update a slogan, if it is strongly identified with a brand this becomes more difficult. Read about the requirements for changing a slogan on **Page 163**.

Jingles (Pages 164-165) are musical messages written around the brand. They can be a very useful means to create brand memorability and brand awareness, as they are generally very catchy, and are easily registered in the mind of the listeners. However, they are not as easily transferable as other brand elements, and they tend to convey product meaning in an abstract, rather than a direct fashion. Have a look at some of the most famous jingles over time in **Figure 4-9 (Page 167).**

Ask yourself: Are there slogans or jingles that you can remember from your childhood? Why do you think they've so effectively stuck in your head after all these years?

Take a look at **Branding Brief 4-4 (Pages 168-169)** to learn about the ups and downs of the company Benetton's brand equity management.

Packaging (Pages 165-174) is the design and production of containers or wrappers for a product. It is important that a package achieve the **objectives seen on Page 166**. Marketers must consider the shape, size, material, color, text and graphics of a package in order to make it aesthetically appealing. The look of a brand's packaging can be the strongest association a consumer has with a brand, and changes to that look can strongly impact sales. Packaging also plays a critical role in making a product stand out on the shelf where it sits among often thousands of other products.

As you will learn on **Page 170, packaging innovations** can be used by companies to provide a short-term sales boost

Package design, as explained on **Pages 170-171**, is a sophisticated process with the goal of integrating several chosen elements (name, illustration etc) and having a strong visual impact to meet the marketing objectives for a brand. Color is also a critical element of packaging, as it can affect consumers' perceptions of the product itself. In **The Science of Branding 4-4 (Pages 172-173)** you will learn about the activities of one of the leading associates of package design, and in **The Science of Branding 4-5 (Pages 176-177)** you can read about the psychology of packaging.

For many different reasons, firms will sometimes change their packaging. They might want to adjust to product line expansion, or maybe the old packaging is outdated. **Branding Brief 4-5 (Pages 174-175)** explains how consumer research can be helpful when updating packaging. Read the recommendations in **Figure 4-10 (Page 175)** on how to create packaging with high impact.

PUTTING IT ALL TOGETHER (Pages 174-176)

The entire set of brand elements makes up the brand identity, which is more or less cohesive based on the extent to which the brand elements are consistent. Ideally when marketers use several brand elements in their marketing strategy, the elements support each other and can be easily incorporated into other aspects of the brand.

Ask yourself: What are some general guidelines to help marketers mix and match brand elements?

Non-Graded Activities

Chapter Four Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Two section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Two Discussion Question (Chapter Four):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **What brands can you think of that use all of the brand elements in this chapter? How much do these elements support each other, and in which cases are they less consistent? What changes might you suggest to a brand with a less cohesive brand identity?**

(Note: Your instructor will post the question to the Week Two Weekly Discussion Question Forum)

CHAPTER FIVE

Designing Marketing Programs to Build Brand Equity

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Understand the concept of personalizing marketing, along with the three different types.
- Understand the meaning and significance of customers' perceived quality and value of a product
- Learn what relationship marketing is and understand the three key issues
- Learn about different pricing strategies, and understand the concept of value pricing, and everyday low prices (EDLP)
- Understand the different channels through which a company can sell its product
- Compare indirect and direct channels, and consider the benefits and downsides to each

This chapter examines how marketing activities build brand equity, and considers how, through the use of these activities, marketers can enhance brand awareness and improve the brand image.

NEW PERSPECTIVES ON MARKETING (Pages 185-194)

This section looks at how marketing strategies have changed in recent years due to shifts in the external marketing environment. Take a look at the four major drivers of the new economy on **Page 185**. The drivers, along with others, give customers and companies new capabilities, as seen in **Figure 5-1 (Page 185).** Look at the example of **Broadway Musicals (Page 186)** to see how producers have changed their strategies in recent years.

Integrating Marketing Programs and Activities (Pages 186-187) Because today there are many strategies for building brand equity, it is important for marketers to evaluate all possible means to create brand awareness, and take into consideration efficiency, cost and effectiveness. Because there are so many firms attempting to build equity in the marketplace, it is also imperative that creative and original thinking is used to create new marketing programs that will stand out to consumers.

Personalizing Marketing (Pages 188-194) Today there is an increased consumer desire for personalization, making it thus necessary for marketers to use **experiential marketing, one-to-one marketing, and permission marketing.**

Experiential marketing promotes a product by connecting it with unique and interesting experiences. These experiences, as explained on **Page 188**, are either entertainment, education, aesthetic or escapist. In **Figure 5-2 (Page 189)** you can see Schmitt's 10 rules for successful experiential marketing. Look at the examination of marketing scents in **The Science of Branding 5-1 (Pages 190-191)**.

The concept of **One-to-One Marketing** is that consumers provide information, and, in turn, marketers reward them with experiences. The fundamental strategy of this concept is to focus on the individual customer and paying attention to his or her specific needs, by, for example, using a customer database to retain and use information about consumption, having a dialogue or customizing a product or service.

The concept of **Permission Marketing,** when consumers must give their express permission to be the target for marketing, promotes the idea that consumers will only appreciate marketing messages that they gave permission for, rather than others that are seen as simply "interruptions." Read about the five steps to effective permission marketing on **Page 193** and examine the four tests of permission marketing in **Figure 5-3 (Page 193)**.

These new approaches to personalization help to elicit positive brand responses and create brand resonance, in order to build customer-based brand equity. They are all **relationship marketing** activities, meaning that they are used to provide a personalized brand experience to create stronger consumer ties.

Ask yourself: What kind of personalized marketing have you been the target for? How did you react to it, and what did you appreciate about the experience?

PRODUCT STRATEGY (Pages 194-200)

In this section you will consider how consumers form their opinions of the quality and value of a product, and how marketers can use relationship marketing to create a product strategy.

Perceived Quality and Value (Pages 195-196) A customer's perception of the overall quality of a product compared to others like it is the perceived quality. Look at the general dimensions that help consumers form this perception on **Page 195**.

Read the explanation of **3-D Marketing** on **Page 196** and make sure that you understand how product quality is assessed.

The value of a product can be assessed based on quality perceptions as well as cost perceptions (cost being not just price but time, energy and psychological involvement in the decision to choose the product). Michael Porter's **value chain (Page 196)** identifies five primary value-creating activities and four support activities that occur throughout the primary activities.

Relationship Marketing (Pages 196-200)

This section explores the idea that acquiring and maintaining customers is the key to profit long-term brand success. You will learn about three issues:

i. **Mass Customization:** Thanks to today's advanced technology, it is possible to offer customized products on a huge scale. Customers today can distinguish themselves with even the most basic purchases, and with both products and services, and this allows retailers to reduce inventory, saving space and expenses. This is an especially powerful tool when applied to Internet commerce.

ii. **Aftermarketing:** It is important for marketers to make sure that a consumer's experience after-purchase is as positive as the purchase itself. This can mean making sure that the user manual for a product is simple, or that the customer service department is well-deisgned, Look at **Figure 5-4 (Page 198)** to see some possible aftermarketing activities.

iii. **Loyalty Programs:** Loyalty programs offer special services, premiums and incentives to customers, and often include brand alliances. Thanks to the incentives, it is very common for customers to remain, effectively, loyal to a company or brand. Read the tips for building effective loyalty programs on **Page 199.**

Ask yourself: What are your experiences with relationship marketing? Have you had a postive experience with a customer-service department that has inspired you to purchase other products from that brand? Are you a member of a loyalty program? Do you ever order customized products or services?

PRICING STRATEGY (Pages 200-211)

Here you will learn about the different kind of price perceptions that consumers might form, and the different pricing strategies that a firm might adopt to build brand equity.

Consumer Price Perceptions (Pages 200-201) A firm's pricing strategy can dictate if a consumer sees the brand as being high-, medium-, or low-priced, and, depending on the frequency of discounts offered, whether that price bar is firm or flexible. **Figure 5-5 (Page 200)** shows the price tiers in the ice cream market, and includes the relationship of price to quality. In **Figure 5-6 (Page 201)** you can examine price tiers of a clothing company. A consumer's might look at a product's price and infer the product's quality, and then use this perceived quality and price to assess the perceived value. Ideally this perceived value would exceed the cost to the company of marketing and selling the product. Look at **The Science of Branding 5-2 (Pages 202-203)** to better understand consumer price perceptions.

Setting Prices to Build Brand Equity (pages 201-211) Here you will learn about the important issues in setting prices and determining the depth and duration of promotions and discounts.

Value Pricing is an increasingly popular pricing strategy that balances **product quality, product costs,** and **product prices** that satisfy the consumers as well as the profit targets of the firm. Read about the price-drop of Marlboro cigarettes in **Branding Brief 5-1 (Pages 204-205)** and make sure you understand the analysis on **Page 203. The Science of Branding 5-3 (Page 206)** details the eight steps for making better pricing decisions.

It is important to design and deliver a product properly. Consumers are willing to pay premiums if they perceive a higher value in the product and often companies can increase their prices by introducing new, improved or "value-added" products. To examine this concept more closely, read **Branding Brief 5-2 (Pages 208-209)**.

It is also key to **lower costs** as much as possible, without sacrificing the product's quality, effectiveness or efficiency. It is also imperative that the marketers understand the customers' perceived value of the brand, and thus how much of a premium they are willing to pay over product costs. Pricing strategies based on consumer perceptions can lead to better marketing solutions.

Everyday Low Pricing (EDLP) (Pages 210-211) offers a consistent set of base prices on products as a way to avoid alternating price increases and decreases or discounts. Take a look at Procter & Gamble's conversion to EDLP in **Branding Brief 5-3 (Pages 212-213).** Consistent low prices on major items can help build brand loyalty and reduce costs. However, companies that offer EDLP still need to offer price discounts over time, which can be problematic when retailers practice **forward buying**. This is when retailers order more product during a promotional period than they will actually sell, so that they can continue to sell these goods at the regular price after the sale. This can create problems on the manufacturing level, and on the demand level.

Ask yourself: When have you chosen to buy something at a higher price because you believed it's value to be greater than other similar products?

CHANNEL STRATEGY (Pages 211-214)

In this section you will learn about **channel strategy**, the design and management of intermediaries, such as distributors, and how it can contribute to brand equity.

Channel Design (Pages 211-214) There are many channel types that exist, broken down into tow basic channels, **direct** and **indirect**. It is possible for companies to sell their product through many channels (**see the example of Nike on Pages 211-212**). Take a look at the suggested guidelines for selling through direct versus indirect channels on **Pages 212-213**. Ideally, a company will find a balance where channel coverage and effectiveness is maximized, and channel cost and conflict is minimized.

Indirect Channels (Pages 214-217) sell through third-party intermediaries such as agents or brokers, wholesalers or distributors, and retailers or dealers. Retailers, because they have the most visible and direct contact with customers, have the greatest opportunity to affect brand equity. A store's image can also affect customers' assumptions about the brands it carries. A retailer's method of stocking, displaying and selling products can affect brand equity. They thus have power over manufactures, and can command more frequent and lucrative trade promotions in exchange for more or better shelf space given to a certain product. Marketers who offer direct incentives to retailers to stock and sell their products are employing the **push strategy.** Conversely, manufactures who produce a product that is in high demand by consumers, and the retailer will benefit from this demand by stocking and selling the product, are employing the **pull strategy**.

Channel members can provide different services in order to enhance the value of a product. **(See Figure 5-7 on Page 215)**

It is often necessary to customize product mixes, delivery systems, promotions, or even products for certain retailers. This is called **retail segmentation (Page 216).** Manufactures might also offer **branded variants**, a version of a product that is customized for a particular retailer.

With **cooperative advertising (Pages 216-217),** manufacturers can pay for a portion of the advertising that a retailer runs in order to promote the manufacturer's product. This can help concentrate some of the communication efforts at a local level to have more relevance and selling impact with consumers. The downside is that sometimes manufactures do not have much control over how their brand image is communicated.

Selling through **Direct Channels (Pages 217-218)** means to sell through personal contacts from the company by mail, phone, electronic means, or in person.

Among other ways to sell directly to customers, manufactures might choose to open **company-owned stores.** These stores can allow a company to show the depth, breadth and variety of its products, and they can function as a test market to gauge consumer response to alternative product designs, presentations and prices. It is important, however, that the company have the skills resources, and contacts to operate effectively as a retailer. It is also important that the company-owned stores do not come into conflict with other retail channels and distributors.

Marketers can also create their own shops within department stores. This strategy can appease retailers and still allow the firm to retain control over the design and implementation of the product presentation at the point of purchase.

Web Strategies (Pages 218-219) It can be very beneficial to have both a physical retail channel and a virtual, online retail channel, allowing consumers to show how and when they want. Look at **Figure 5-8 (Page 219)** to see how customers use the different retail channels offered by JCPenny.

Ask yourself: How do you prefer to shop—online, in a store, in a mall or by catalogue? Do you use both direct and indirect channels, and for which products and why?

Branding Brief 5-4 (Pages 220-221) examines Goodyear's channel managing strategies over the years.

Non-Graded Activities

Chapter Five Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Two section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Two Discussion Question (Chapter Five):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **With modern technology advancing as quickly as it is, what do you think are the most effective and long-lasting marketing and selling strategies today? What kind of personalization marketing is the most durable, and which channels are the most useful for sales?**

(Note: Your instructor will post the question to the Week Two Weekly Discussion Question Forum)

CHAPTER SIX

Integrating Marketing Communications to Build Brand Equity

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Understand the challenges marketers face today in creating effective communication strategies that fit with the current new media.
- Consider the pros and cons of different marketing media: TV, Radio, Print, Direct Response, Interactive and nontraditional, or place advertising
- Understand the different types of promotions marketers can employ to build brand equity and increase brand awareness
- Consider the criteria to create an Integrated Marketing Communications program
- Understand how to use the IMC choice criteria to build an effective IMC program

This chapter considers the most flexible element of marketing programs, **marketing communications,** the means by which a brand can establish a dialogue and build relationships with customers, and how to use it to build brand equity. Some of the common marketing communication options are shown in **Figure 6-1 (Page 230)**. Regardless of which options are used, they all serve to contribute to brand equity, each in its own different way.

THE NEW MEDIA ENVIRONMENT (Pages 231-235)

Due to the changes in recent years in the media landscape, marketers have been forced to reevaluate how to communicate with customers. Traditional advertising media (TV, radio, print), are no longer as relevant or effective as online advertising.

Challenges in Designing Brand-Building Communications (Pages 232-234)

The new media environment has made it difficult for marketers to build effective and efficient marketing communication programs. Take a look at **Figure 6-2 (Page 233)** to see how to judge the effectiveness of advertising. On **Page 233** there are six steps outlined that must occur in order for a consumer to be persuaded by any form of communication. Make sure you understand why these are each necessary and why the communication process is thus so fragile, as is explained below the initial list on the same page, continuing on to **Page 234**.

Role of Multiple Communications (Page 234)

This section examines how to decide how much and what kind of marketing communications to use. It is necessary to consider the efficiency, cost, and effectiveness of each communication effort in order to determine the necessity and the budget for each one.

Ask yourself: What kind of marketing communication do you pay attention to? Do you skip over TV ads, but read those in magazines? Do you read or look at online advertising content?

OVERVIEW OF MARKETING COMMUNICATIONS OPTIONS (Pages 235-267)

Advertising (Pages 235-256)

Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods or services by an identified sponsor. While it is effective in creating favorable brand associations and positive feelings, its specific effects are not easy to quantify and predict. However, a number of studies have been made to document and analyze the power of advertising. Take a look at **The Science of Branding 6-1 (Pages 238-239)** to see an analysis of the effects of advertising. In **Figure 6-3 (Page 236)** you will see a breakdown of national advertising spending by major advertising media, and **Figure 6-4 (Page 237)** displays the advantages and disadvantages of the main advertising media.

Television advertising can be very powerful as it reaches a wide audience, and can vividly demonstrate the attributes and benefits of a product, while also portraying user and usage imagery, brand personality, and other brand intangibles. However, TV advertising can be very costly, because of the nature of TV ads, consumers might overlook product-related messages and the brand itself. Also, because of the number of ads on TV, it is easy for a consumer to ignore or forget them, or, as you will see in **Branding Brief 6-1 (pages 240-241),** skip thanks to DVRs. Due to these downsides, many companies are choosing alternative methods of advertising, although TV ads are still used, and can indeed positively affect sales and profits.

Learn about Apple's successful iPod campaign in **Branding Brief 6-2 (Pages 244-245).**

Make sure you understand the meaning of the **message strategy** and the **creative strategy** as explained on **Page 239.** Each of these must be used when marketers are designing an ad campaign, along with the concerns defined in **Figure 6-5 (Page 242)**.

Creative strategies can be informational or transformational, and often use attention-getting tactics. Unfortunately sometimes those tactics can distract from the brand or its product claims. It is thus necessary to find a creative strategy that grabs the attention of the consumer while still managing to deliver its message.

In order for a TV ad to be effective, it needs to contribute to brand equity. In order to evaluate the effectiveness of its message and creative strategies, **copy testing** can be conducted, which gauges consumers' reactions to ads. Copy testing, however, should only be used as a diagnostic aid in helping understand how the ad works.

While the power of TV ads still exists, it is clear that other channels can be lest costly and more effective.

Almost all Americans over 12 listen to the **Radio** daily, on an average of 20 hours per week. Radio advertising is relatively inexpensive, and stations are highly targeted. It can compliment or reinforce TV advertising, and it enables companies to balance their broad and localized market coverage. Read the four critical radio advertising factors on **Page 245.**

Print media is self-paced, and can provide detailed product information. Magazines can be highly engaging, effectively building user and usage imagery. Newspapers are more timely and pervasive and are used a lot for local advertising. An effective print ad uses the same criteria as for TV ads, but also requires clarity, consistency, and branding. For details on this take a look at **Figure 6-6 (Page 248).**

Direct response marketing is an advertising method that uses mail, telephone, internet and other nonpersonal contact tools such as infomercials, to communicate with customers. Direct marketing makes it easier for marketers to establish relationships with consumers, and to communicate new developments with their brands on an ongoing basis. Customers can also easily provide feedback, thus enabling marketers to fine-tune their product to accommodate demands. Database marketing can be very effective in this way.

Interactive marketing is used heavily in online marketing campaigns. **Websites** are an inexpensive way to provide customers with regularly updated and relevant brand information. Websites can offer extra information as a way to draw the consumer's interest, and that interest can be sustained by eye-catching pages and designs. **Online ads** are a nondisruptive, easily targeted, and easily tracked method of advertising. Unfortunately, they are easy to ignore, but email ads are becoming increasingly popular and often receive a higher response rate than banner ads. Marketers can also target customers using sponsored links based on search words relevant to the customer. Read more about the growth of online ads in **Branding Brief 6-3 (Pages 250-251).** Cell phones are the new wave in advertising, as **mobile marketing** becomes increasingly popular. Companies will interact with consumers via text messages, to enter a contest, for example, and this will not only promote the brand but provide data about advertising campaigns and distribution strategies.

Place, or out-of-home advertising captures advertising through nontraditional media, including billboards, airlines, product placement and point-of-purchase advertising.

- Billboards and posters present consumers with messages in "unexpected" places and can be very eye-catching. In **Figure 6-7 (Page 253)** you can see some of the most successful outdoor advertisers.
- Advertisers also use unconventional places such as movie screens, airlines, and lounges to display traditional TV and print ads.

- Marketers will pay tens-of-thousands of dollars to have their products used or seen in movies and on television. They might also combine this product placement with special promotions. This concept is explored in more depth in **Branding Brief 6-4 (Pages 254-255)**
- There are many possibilities for point of purchase advertising—ads on shopping carts or shelves, in-store promotions or demonstrations, sampling, instant coupon machines, and even in-store radio with commercial messages. The idea behind this is that most consumers make their final brand decisions in the store.

Ads can now appear anywhere that consumers might have a chance to notice them. The advantage of nontraditional media is that, for a relatively low cost, they can reach a precise and captive audience with a simple and direct message.

Ask yourself: Think of the last ad you saw. What kind of media was it presented through? Can you think of an advertisement on TV, the radio, in print, or elsewhere that really stuck in your brain? What qualities did it have?

Promotion (Pages 256-259)

Sales promotions are short-term incentives that promote the trial or usage of a product or service, targeting either the trade end or consumers. While they can build brand equity through information or product experience, they might lead to decreased brand loyalty and quality perceptions, and increased price sensitivity. Look at the six issues in designing a sales promotion in **Figure 6-8 (Page 257).**

Consumer promotions, such as sampling, affect brand equity by changing the choices, quantity or timing of consumers' product purchases, ideally by enhancing their attitudes or loyalty toward a brand. **Branding Brief 6-5 (Pages 258-259)** shows an example of the creative and successful promotional marketing executed by Samsung.

Trade promotions are financial incentives or discounts given to retailers, distributors or other members of the trade to present the product in a way that promotes and facilitates its sale.

Event Marketing and Sponsorship (pages 259-264)

Event marketing is public sponsorship of events or activities related to sports, art, entertainment or social causes. **Figure 6-9 (Page 260)** charts the percentage of expenditures in each category. Read about the auto-racing sponsorship with NASCAR in **Branding Brief 6-6 on Pages 260-261.** Read about the different ways in which sponsoring events can help marketers build brand awareness and relevance on **Pages 261-262**. In order for a sponsorship to be successful, marketers must think strategically about with which events and how they want to align themselves. The event must meet the marketing objectives and communication strategy of the brand. Another option is for sponsors to create their own event, thus having full control of the presentation of the brand, the awareness and the effects on the target market.

It is necessary to have a marketing program that compliments the sponsorship, such as samples, prizes and other forms of advertising. In order to measure the effects of these sponsorship activities, firms can use the **supply-side method,** or the **demand-side method.** The former assesses the extent of media coverage of the brand at an event, and the latter attempts to measure the effects that sponsorship has on consumers' brand knowledge structures.

Public Relations and Publicity (Pages 264-266)

Publicity and **Public Relations** are necessary and routine parts of marketing and communication programs that designed to promote or protect a company's image or it's products. **Buzz marketing** is a technique used by companies to create consumer word of mouth, in order to promote a new product. It works especially well when the message it gives appears not to come from the brand. Read about the guidelines to buzz marketing on **Page 266.**

Personal Selling (Pages 266-267)

Personal selling is face-to-face interaction with purchasers in order to make a sale. Make sure to consider the keys to better selling on **Page 266**.

Ask yourself: What products do you think benefit most from which of the above types of promotions? Think of a product you use daily, and imagine that you are the marketer for that brand. What type of promotion would you employ to build brand equity for that product?

DEVELOPING INTEGRATED MARKETING COMMUNICATION PROGRAMS (Pages 267-272)

In this section you will learn how to chose a variety of different communication options and manage them all in order to develop a successful integrated marketing communication (IMC) program.

The **Criteria for IMC Programs (Pages 267-271)** are as follows:

1) **Coverage:** It is important to consider to what extent different communication options reach the designated target market, and if the same or different consumers make up that market. Take a look at **Figure 6-10 (Page 268)** to see the overlap of coverage in different forms of communication.

2) **Contribution:** Contribution shows the effects of a marketing communication in terms of how consumers process it, and what the result is.

3) **Commonality:** A marketing communication program should always create a consistent and cohesive brand image that allows consumers to easily recall existing associations, and link additional ones. Commonality is how much common information is shared by the various communication options.

4) **Complementarity:** Complementarity is the usage of different associations used in various communication options that complement one another.

5) **Versatility:** A marketing communication option is ideally effective for different groups of consumers, and should be able to send its message to both those who are and aren't familiar with the brand. Make sure you understand the means of achieving this as explained on **Page 270.**

6) **Cost:** A communication program must be both effective and efficient, thus the cost of each communication option must be weighed out against its potential benefit.

Using IMC Choice Criteria (Pages 271-272)

There are three steps used to design and implement IMC programs:

1) **Evaluating Communication Options:** Different communication dypes have different strengths and weaknesses. Take a look at **Figure 6-11 (Page 271)** to see how they might rate when evaluated based on the six criteria discussed previously.

2) **Establishing Priorities and Tradeoffs:** Tradeoffs will be necessary when a marketer is determining the IMC program that will be adopted, and thus ranking the choice criteria. Look at the three factors that are concerned with overlaps in coverage on **Page 272.**

3) **Executing Final Design and Implementation:** The marketer must determine in detail how to execute each method of communication creatively, ensuring that their desired objectives are achieved.

Non-Graded Activities

Chapter Six Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Two section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Two Discussion Question (Chapter Six):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Pick a brand and gather all its marketing communication materials. How effectively have they "mixed and matched" marketing communications? Have they capitalized on the strengths of different media and compensated for their weaknesses at the same time? How explicitly have they integrated their communication program?**

(Note: Your instructor will post the question to the Week Two Weekly Discussion Question Forum)

UNIT TWO ASSIGNMENTS

Unit Two Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Two section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Unit Two Case Analysis

Read *GEICO Gecko Becomes Advertising Icon* starting on page 160. This story raises the following questions:

- What are GEICO's brand elements and their abilities to contribute to brand equity according to the choice criterion shown in Figure 4-11 on Page 178?
- Consider the Insurance product category. How does GEICO compare and contrast their competitors regarding pricing strategies and perceived values?

Address the above questions using a 3 to 5 page paper (1000 to 1500 words) in APA format. Below is a recommended outline.

1. Cover page (See APA Sample paper)
2. Introduction
    a. A thesis statement
    b. Purpose of paper
    c. Overview of paper
3. Body (Cite sources with in-text citations.)
4. Conclusion – Summary of main points
    a. Lessons Learned and Recommendations
5. References – List the references you cited in the text of your paper according to APA format.
    a. (Note: Do not include references that are not cited in the text of your paper)

GRADING

Your instructor will provide a grading rubric to evaluate your paper. Please see the Instructor Syllabus and Policies for details.

UNIT THREE

Chapters & Learning Outcomes

The key points of the following chapters (see textbook) will be discussed in this Unit:

- Chapter Seven
  Leveraging Secondary Brand Associations
  to Build Brand Equity — pages 278 to 314
- Chapter Eight
  Developing a Brand Equity Measurement and
  Management System — pages 315 to 352
- Chapter Nine
  Measuring Sources of Brand Equity:
  Capturing Customer Mindset — pages 353 to 401

UNIT THREE LEARNING OUTCOMES

This Unit meets the following learning outcomes:

LO 9. Examine how to build brand equity by leveraging secondary associations from other entities like company, geographical region, person, and other brands.

LO 10. Analyze measurement of customer- based brand equity covering: a) what consumers know about brands, b) what marketers want them to know, and c) how marketers can develop measurement procedures to assess how well they're doing.

LO 11. Apply comprehensive concept of brand equity including the brand value chain and how to develop and implement a brand equity measurement system.

LO 12. Organize steps to measure customers' brand knowledge structures, in order to identify and quantify potential sources of brand equity.)

CHAPTER SEVEN

Leveraging Secondary Brand Associations to Build Brand Equity

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Understand the concept of leveraging a secondary brand to build brand equity.
- Clarify how to create new brand associations.
- Understand how to transfer associations of an entity to a brand.
- Define the entities that can be linked to a brand and used to build brand equity
- Consider the advantages and disadvantages of linking each of these entities to a brand

This chapter explores how to build brand equity through the leverage of related or secondary brand associations. A brand may be linked to certain entities that already hold certain meanings in the minds of the consumers, thus the brand will use this pre-existing brand knowledge to its own advantage. **Figure 7-1 (Page 280)** shows the different ways to use this linkage to create secondary brand knowledge. Read the example of Salomon on **Page 281** to see how this might be put to use.

CONCEPTUALIZING THE LEVERAGING PROCESS (Page 281-284)

This section examines how to create a new set of brand associations by linking the brand to another entity.

Creation of New Brand Associations

If a consumer is unfamiliar with a brand, they will be more likely to make a brand decision based on secondary considerations, such as what they think or feel about the country the product came from or the store where it is sold.

Effects on Existing Brand Knowledge

Linking the brand to an entity can both create new brand associations and affect existing brand associations. Consumers might apply their knowledge about a certain entity to the brand to which that entity is linked, and assume that certain associations also characterize the brand. There are three factors to consider when predicting the extent of leverage from linking the brand to another entity:

1) **Awareness and knowledge of the entity:** It is best if consumers are aware of the entity and have strong, positive associations about it.

2) **Meaningfulness of the knowledge of the entity:** The knowledge that consumers have about the entity must be meaningful for the brand.

3) **Transferability of the knowledge of the entity:** It is important to consider just how strongly the knowledge about the entity will become linked to the brand.

As you can see in **Figure 7-2 (Page 283)** consumers can transfer any aspect of brand knowledge from an entity to a brand, although certain entities will have more of an effect on certain aspects than others. In certain cases, judgments or feelings will be more transferable, while in others, events, and the creation of experiences, will be more effective.

Guidelines

Marketers can use secondary brand knowledge to either create or reinforce a point of difference or a point of parity, but it is important to consider the consumers' awareness of and feelings regarding that entity before choosing to emphasize those source factors. A **commonality** leveraging strategy is used when the consumers' associations to an entity are congruent with desired brand associations. In other situations, it may be necessary to use **complementarity** branding strategies, when marketers must take brand knowledge that might not be obviously relevant and make it directly affect existing brand knowledge.

Ask yourself: Can your remember an instance when you relied on your knowledge of a secondary entity in order to make a brand decision?

COMPANY (Pages 284-285)

There are three branding options for a new product:

1) Create a new brand.

2) Adopt or modify an existing brand.

3) Combine an existing and a new brand.

When a brand is linked to an existing brand, the knowledge about that existing brand may be linked to the new brand. This can be especially true, and positive, in the case of a corporate brand, which could evoke many positive associations. Take a look at **Branding Brief 7-1 (Pages 284-285)** to read about the corporate image campaign of Hewlett-Packard.

In some cases it can be detrimental to attempt to leverage a corporate brand, because it consumers might have a hard time connecting it with all of the products offered. It might be more beneficial to introduce a new brand to convey a "smaller" image.

Sometimes companies might face challenges simply due to consumers' opinions regarding the category into which the brand falls.

COUNTRY OF ORIGIN AND OTHER GEOGRAPHIC AREAS (Pages 285-288)

The country or geographic location from which a product originates can become linked to the brand and generate secondary associations, as more and more certain places are becoming known for their expertise in certain product categories. Brands can thus create strong points of difference thanks to consumers' identification of and beliefs about the country of origin, or even the state, region or city of origin. **Branding Brief 7-2 (Page 286-287)** shows how New Zealand has attempted to utilize this concept.

It is important to recognize that consumers in certain countries may be more receptive to country-of-origin marketing of domestic brands, while others will prefer that of foreign brands.

Ask yourself: Are there certain brands that you prefer simply because of where they are made? What products do you buy based mainly on their country of origin?

CHANNELS OF DISTRIBUTION (Pages 288-289)

Based on the products and brands retailers stock and the means by which they sell them, consumers develop a brand image that might then affect how they perceive a specific brand that is sold by that retailer. Read **The Science of Branding 7-1 (Pages 290-291)** to understand more about this. This transfer of store image associations can be positive or negative, depending on how the consumers perceive the quality or image of the retailers compared to that of the brand. **Branding Brief 7-3 (Pages 292-293)** examines a distribution issue once faced by Calvin Klein.

Ask yourself: Are there certain stores where you are confident that any brand sold there is a good product, based solely on the reputation of the store?

CO-BRANDING (Pages 289-301)

Co-Branding is when tow or more existing brands are combined into a joint product or are marketed together in some fashion. Take a look at **Figure 7-3 (Page 289)** to see some of the advantages and disadvantages of co-branding. Co-branding can create more compelling points of difference or points of parity for a brand, and can thus generate more sales both from the existing target market as well as new consumers. It can also help render a product more distinctive, and, because the brands are each already well-known, product introduction might be accelerated. Unfortunately, sometimes brands lose control when aligned with another brand and are unable to meet consumer expectations. Examine **The Science of Branding 7-2 (Pages 294-295)** to see how customers might evaluate co-branded products.

Guidelines

Ideally, the two brands in a co-brand would each have some brand equity, and they must be a logical fit. It is very important for marketers to come up with a detailed financial agreement, possibly involving a licensing fee and royalty for one of the brands. See **Branding Brief 7-4 (Page 297)** to learn about General Mill's co-branding and licensing experiences. Examine the necessary questions marketers must ask themselves on **Pages 296-297.**

Ingredient Branding

Ingredient branding creates brand equity for materials, components, or parts that are necessarily a part of other branded products. A well-known product advertises as containing an ingredient that is a well-known brand. The goal is to discourage consumers from purchasing a host product that does not contain the branded ingredient. Consumers often see branded ingredients as a symbol of quality, and thus infer certain quality characteristics about the host brand. They can also feel reassured when recognizing the branded ingredient, and eventually might not want to buy the product if it does not contain it. Ingredient brands can thus become a category point of parity.

Advantages and Disadvantages

Using ingredient brands can help generate higher sales, and customer demand. The equity from the ingredient brand can be leveraged to enhance that of the host brand, and access to new distribution channels might be opened to the host brand. On the other hand, the cost of advertising can be high, and, as with co-branding, there can be a loss of control of the brand and the image being portrayed to consumers. It may be hard to sustain the competitive advantage if consumers aren't completely clear about the role of the ingredient, and why it's better than other versions.

Guidelines

Look at **Branding Brief 7-5 (Pages 300-301)** and read about DuPont's ingredient branding efforts. Then have a look at the four tasks (**Pages 300-301)** that ingredient branding must accomplish.

LICENSING (PAGES 301-304)

Licensing is when a firm uses another brand's equity to create brand equity for its own product. Names, logos, characters, and even movie titles can be used to market other brands. You can read about some licensing practices and strategies in **Branding Brief 7-6 (Pages 302-303)**.

Guidelines

Manufacturers must be wary of getting caught up in licensing a brand that may only be a fad, or that may be overexposed and thus wear out quickly. In order to protect themselves, many firms choose to obtain the licensing rights to a broad range of licensed entities to diversify their risk.

Some firms seek to generate extra revenues and profits and enhance their brand image and exposure by licensing out their company name, logo or brand for use on other products.

CELEBRITY ENDORSEMENT (Pages 304-307)

It is very common to use celebrities to draw attention to and shape the perceptions of a brand based on the knowledge that consumers have about that celebrity. A celebrity's Q Score evaluates how appealing he or she is to those who are familiar with him or her. See how some celebrities rank in **Figure 7-4 (Page 306)**. Read more about different celebrity endorsements in **Branding Brief 7-7 (Pages 308-309).**

Potential Problems

Unfortunately, sometimes celebrities may endorse so many products that they lose specific meaning, and can be seen as insincere. It is important that there be some logical connection between the celebrity and the product. It is also necessary that the celebrity endorser maintain the image that is being projected in the advertising campaign. Scandal or poor performance can render a celebrity's advertising campaign less credible. Consumers sometimes don't believe in a celebrity's sincerity regarding the product they are endorsing, and conflicting endorsements can put this into question even further. Another problem can be when the stars detract from the brand, as consumers pay more attention to them than to the actual product being advertised.

Guidelines

Marketers must choose celebrities whose associations are relevant to the brand and likely to be transferable. There must be a logical fit between the brand and the spokesperson, and the advertising program should use the celebrity in a manner that highlights the relevant associations and encourages their transfer.

Ask yourself: Can you think of a celebrity endorsement that made you want to buy a product? What about a celebrity endorsement that made you rethink your ideas about that brand?

SPORTING, CULTURAL, OR OTHER EVENTS (Pages 307-308)

Sponsored events can build brand equity by increasing brand awareness, adding new brand associations or improving those that already exist. It is important to select the event carefully and to plan how the sponsorship program will be integrated into the marketing program in order to ensure the transfer of positive associations. In **Branding Brief 7-8 (Page 310)** you will see how Visa has built brand equity thanks to event sponsorship.

THIRD PARTY SOURCES (Pages 308-310)

Marketers can create secondary associations by linking the brand to a third-party source. An endorsement by a well-regarded magazine or well-publicized review by a credible source can strongly aid in building brand equity.

Non-Graded Activities

Chapter Seven Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Three section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Three Discussion Question (Chapter Seven):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Think of the brands that you buy the most frequently. Are they celebrity-endorsed? Do they have ingredient brands? Are they made in a certain geographic location? What stands out to you as something important to consider when making a brand decision?**

(Note: Your instructor will post the question to the Week Three Weekly Discussion Question Forum)

CHAPTER EIGHT

Developing a Brand Equity Measurement & Management System

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Become aware of the brand value chain
- Understand the value stages of the brand value chain
- Understand the three multipliers used to help companies understand the value of their brand in the marketplace
- Learn how tracking studies work, as well as how and when to conduct them
- Understand how to interpret tracking studies
- Understand the three steps needed to implement a brand equity management system

In this chapter you will learn about the ways marketers can measure brand equity. There are two basic and complementary approaches, **direct**, which assesses the impact of brand knowledge on consumer response to different aspects of the marketing program, and **indirect**, which assesses potential sources of customer-based brand equity by tracking brand knowledge. You will begin to learn how to develop and implement a **brand equity measurement system.** The goal of this system is to understand the sources and outcomes of brand equity, and to be able to relate them to one another. It is also important to understand how brand equity is created. The **brand value chain** allows marketers to understand how their brand creates value.

THE NEW ACCOUNTABILITY (Pages 316-319)

Because it is important to know how strong a brand is and how to measure its value, nowadays every marketing dollar spent must be justified as both effective and efficient in terms of **return of marketing investment (ROMI).** Unfortunately, this system of measurement has not proven to be completely accurate or successful. Look at the the advice given by Jonathan Knowles on **Page 317** to see how to assess whether brands are assets that are truly beneficial to the brand. This chapter will propose several tools that can help clarify and justify the value of marketing expenditures.

THE BRAND VALUE CHAIN (Pages 317-325)

The brand value chain is a structured approach to assessing the sources and outcomes of brand equity, and to measuring the value of expenditures to create brand equity. It provides insights to support all of the various people in the firm who might require different information. By using a series of three multipliers – the marketing program multiplier, the customer multiplier, and the market multiplier – companies can develop a sense of how their investment in their brands is paying off in the marketplace. This system rests on the basic premise that brand value resides ultimately with customers. Thus, it presents four stages in understanding brand value, which you can read about on **Page 317,** and examine in **Figure 8-1 of Page 318.**

Value Stages

Marketing Program Investment

This first value stage includes any marketing program investment that helps build brand equity. It is important to remember the means by which to judge the quality of these marketing programs (**see Pages 318-139).** It is not necessarily the cost of the marketing program that guarantees its success—it must be well-designed and executed.

It is important for marketers to understand and create the right **customer mind-set**, in order to build brand equity and value. Make sure you understand the five important measures of the customer mind-set explained on **Page 320. In Branding Brief 8-1 (Pages 320-321)** you can read about how CVS redesigned its stores based on insights from consumer research.

Look at the three factors that can affect market performance on **Page 320**, and make sure you understand how the value in the customer's mind can either translate to favorable market performance, or be affected by the marketing of the competitors.

As explored in **Chapter 2**, customer mindset affects how customers react in the marketplace in six ways. The first three can determine the direct revenue stream attributable to the brand over time. The next captures the brand's ability to add enhancements to the revenue stream, and the fifth allows marketing costs to be either maintained or lowered as a result of a successful and well-received advertising campaign. These five combined lead to the last outcome, brand profitability.

Investor Sentiment Multiplier

Read and understand the factors considered by financial analysts and investors when arriving at their brand valuations and investment decisions on **Page 322.** The value the brand creates in the marketplace is most likely fully reflected in shareholder value when the firs is operating in a healthy industry, and when the brand appears to be profitable and have bright prospects.

Shareholder Value

Brand value is indicated by stock price, the price/earnings multiple, and overall market capitalization for the firm. Strong brands can deliver greater returns with less risk to stockholders.

Consider the explanation and display of **Figure 8-2 (Page 323)** which shows a brand value analysis for Starbuck's.

Implications

The brand value chain breaks up the process of creating brand value into stages, each of which is important to different members of the firm. Brand and category marketing managers will be interested in the customer mind-set and customer response to marketing programs, while chief marketing officers will pay more attention to market performance and the impact of customer mind-set on market behaviors. A CEP will focus on shareholder value and the impact of market performance on investment decisions.

Value creation begins with a marketing investment, and it requires that value transfers from stage to stage, which is not always in the full control of the marketers. There are three main sources of information that help track value creation, rendering easier the assessment of customer mind-set, market performance and shareholder value.

DESIGNING BRAND TRACKING STUDIES (Pages 325-333)

Contrary to brand audits, which you learned about in **Chapter 3, tracking studies** allow marketers to collect less detailed brand-related information to help make short term tactical decisions. They use the brand value chain to understand where, how much and how brand value is being created, and provide consistent baseline information to help marketers with day-to-day decision making.

What to Track

Tracking surveys are usually customized based on the issues faced by each brand in question.

Product-Brand Tracking requires measuring brand awareness and image. Make sure you understand the explanation on **Pages 326-327.** It is important to determine consumers' ability to recognize and recall the brand, and to understand how they characterize it, and what it means to them. Marketers must assess consumers' brand associations and measure how helpful they are in building brand equity. Take a look at **Branding Brief 8-2 (Pages 328-330)** to see a tracking survey for McDonald's.

Corporate or Family Brand Tracking

Sometimes marketers want to track the corporate or family brand, and can consider the list of corporate brand associations listed on **Page 326** to do so. It is important for marketers to know which particular products consumers associate with a corporate brand.

Global Tracking

A broader set of background measures will be needed if tracking is to cover diverse geographic markets. See **Figure 8-3 (Page 327)** for a list of some of these measures.

How to Conduct Tracking Studies

Generally, marketers use the brand name in a tracking study, but sometimes the logo or symbol is used.

Whom to Track

Marketers can track current customers, heavy or light users of the brand, or can track loyal customers against those loyal to other brands or those who switch brands. It can also be useful to track channel members, to learn more about the image of the brand that retailers or salespeople might have.

When and Where to Track

Many companies use continuous tracking studies, which tend to produce a more representative set of baseline measures. The frequency of these studies depends on the frequency of product purchase, and it also depends on the stage of the product or brand life cycle.

How to Interpret Tracking Studies

It is necessary that tracking measures be as reliable and sensitive as possible. This may require that questions be phrased in a comparative way or in terms of time periods. It is also important so determine the appropriate benchmarks by which to measure. In a tracking study, marketers must identify the value drivers for a brand—the points of difference that determine consumers' product and brand choices. They must also identify the marketing activities that have the most impact on brand knowledge.

Ask yourself: What other questions might you have substituted or added to the McDonald's tracking survey in **Branding Brief 8-2 (Pages 328-330)?**

ESTABLISHING A BRAND EQUITY MANAGEMENT SYSTEM (Pages 333-

In order to take advantage of all the information provided by brand tracking studies and brand audits, firms need a **brand equity management system** that will help improve the understanding and use of the brand equity concept within a firm. **Branding Brief 8-3 (Pages 334-335)** explains how the Mayo Clinic has developed a brand equity measurement and management system. This section will outline the three steps needed to implement a brand equity management system.

1) **Brand Equity Charter:** The brand equity charter is a document that formalizes the company view of brand equity, and provides relevant guidelines to those concerned with marketing. Make sure you understand the requirements listed on **Pages 333-335.** It should be updated yearly, and any changes or new products should be reflected in the document. Take a look at **Figure 8-4 (Page 336)** to see the table of contents for the Pillsbury brand manual.

2) **Brand Equity Report:** The results of the tracking survey and other performance measures for the brand must be assembled into a brand equity report to be distributed to management on a regular basis. The brand equity report should describe both what is

happening with the brand, and why. Look at the list of other information that should be included on **Page 337,** and make sure you understand Robert Malcolm's **GAME** plan, explained on **Page 337** as well. These measures can provide insight into the market performance component of the brand value chain. Read and understand the recommendations made by Gail McGovern and John Quelch on **Page 338.**

3) **Brand Equity Responsibilities:** It is necessary for managers to assign responsibilities and duties for properly managing brand equity, in order to build and maintain a functional brand equity management system. **The Science of Branding 8-1 (Pages 338-339)** outlines some of the principles in building a brand-driven organization.

A firm must appoint someone who is responsible for overseeing the implementation of the brand equity charter and brand equity reports, to ensure that product and marketing actions reflect their spirit and maximize the long-term equity of the brand. Examine the duties of this person as outlined on **Page 340.** It can also be helpful to have periodic brand development reviews (see the possible topics listed on **Pages 340-341.**

Branding Brief 8-4 (Pages 342-343) provides a checklist by which firms can assess their marketing skills and performance.

The organizational design and structure of the marketing function must optimize brand equity. Some firms choose to embrace brand management, others adopt category management principles (see **Branding Brief 8-5 on Pages 344-345).** Many firms seek to adjust their marketing organizations to better reflect the challenges faced by their brands. Other firms are exploring new ways to conduct their marketing functions in hopes of improving internal coordination and efficiencies as well as external focus on retailers and consumers. **Branding Brief 8-6 (Pages 346-347)** examines how General Motors has struggled with the management of its brand equity.

Ask yourself: Can you develop a tracking survey for the Mayo Clinic? How might it differ from the McDonald's tracking survey?

Non-Graded Activities

Chapter Eight Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Three section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Three Discussion Question (Chapter Eight):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Pick a brand. Try to do an informal brand value chain analysis. Can you trace how the brand value is created and transferred? What is the role of the multipliers?**

(Note: Your instructor will post the question to the Week Three Weekly Discussion Question Forum)

CHAPTER NINE

Measuring Sources of Brand Equity: Capturing Customer Mindset

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Define the concept of qualitative research, and understand why it is used
- Understand the qualitative research techniques examined in the chapter (free association, projective techniques, Zaltman metaphor elicitation techniques and experiential methods)
- Define brand personality and how it can be measured
- Understand how different aspects of brand awareness can be measured, and the issues around each one
- Understand how to measure both low-level and high-level considerations
- Learn how different brand relationships can be measured
- Understand Fournier's brand relationship research
- Recognize other industry models of brand equity and understand how they relate to the CBBE model.

Effective brand management requires a full understand of the consumer—how they think of or use products, and how they feel about particular brands. According to the brand value chain, sources of brand equity arise from the customer min-set. This chapter explores the qualitative and quantitative approaches to capturing the customer mind-set, which helps marketers to identify potential sources of brand equity. Take a look at **Branding Brief 9-1 (Pages 356-357)** to see the lengths to which some marketers have gone to learn about consumers. In **Figure 9-1 (Page 355)** you will see some of the things to consider when trying to understand consumer behavior.

QUALITATIVE RESEARCH TECHNIQUES (Pages 354-374)

Qualitative research techniques are measurement approaches that identify possible brand associations and sources of brand equity. This section will explore some of these techniques. **Branding Brief 9-2 (Pages 362-363)** shows some of the issues that come up when conducting focus groups. **The Science of Branding 9-1 (Pages 358-359)** examines the ideas behind and applications of the associative network model of memory.

Free Association

Marketers use free association tasks, in which subjects are asked what comes to mind when they think of the brand, to identify the range of possible brand associations in consumers' minds. They measure the strength of each association based on when, in the sequence, it arrives, and how often. **Figure 9-2 (Page 360)** illustrates a sample mental map for State Farm insurance.

Read about **archetype research** on **Pages 356-357.**

It is important to consider what types of probes to give to subjects, and how to interpret their responses. Take a look at **Figure 9-3 (Page 361)** to see one researcher's set of guidelines for eliciting brand associations from consumers.

Projective Techniques

Sometimes consumers are not comfortable or willing to be completely honest with their answers during an interview regarding a brand. It can thus be necessary to use **projective techniques** to obtain an accurate portrayal of brand knowledge structures. Marketers ask consumers to complete an incomplete stimulus, or to make sense of an ambiguous stimulus and hope that through this the consumer will reveal some of his or her true beliefs. An example of this is explored in **Branding Brief 9-3 (Pages 364-365)**

Read about the following projective techniques on **Pages 363-365**:

-Completion and interpretation Tasks

-Comparison Tasks

Branding Brief 9-4 (Pages 366-367) explores the techniques a hotel chain uses to clarify its brand positions.

Zaltman Metaphor Elicitation Technique (ZMET)

ZMET is based on the idea that consumers have subconscious motives behind their purchasing choices, and is thus a technique that attempts to uncover hidden knowledge. It uses mostly visual stimuli to tease out consumers' hidden thoughts about a particular topic. Read in detail how this technique is applied on **Pages 366-368**.

Marketers use ZMET to help understand consumers' images of brands, products, brand equity and other relevant opinions. **Figure 9-4 (Page 369)** shows the results of the ZMET when applied to Intimate Apparel consumers.

Brand Personality and Values

In order to understand how consumers perceive a brand's personality, as explored in **Chapter 2**, marketers might ask consumers to describe what the brand would be like if it became a person. They might also ask consumers to sort pictures based on whom they see as typical users of a brand.

Take a look at Jennifer Aaker's method of examining the personality of a brand on **Page 370**, and examine **Figure 9-5** to see the secific items that make up her brand personality scale.

CHAPTER NINE

Experiential Methods

Marketers are constantly trying to find new ways to tap into the knowledge that consumers might not readily reveal. In **Branding Brief 9-5 (Page 372)** read about what marketers are doing in order to benefit the most from consumer insights. Experiential methods attempt to observe consumers as they consume, without bothering them in any way, in order to capture every nuance of their behavior. Some marketers request to spend time in consumers' homes, to observe how they use and experience products.

Ask yourself: Have you participated in a focus group? Were you willing to divulge your true thoughts and feelings about a brand or product? Why or why not?

QUANTITATIVE RESEARCH TECHNIQUES (Pages 374-390)

Contrary to qualitative research, which identifies a range of possible associations to a brand, **quantitative research** provides a more definitive portrait of the brand, using various types of scale questions from which researchers can draw numerical representations and summaries. **Branding Brief 9-6 (Pages 376-377)** explains why quantitative measures are increasingly being collected online.

Brand Awareness

You have learned about brand awareness, and how it relates to the strength of the brand in memory. This section will explore some of these issues.

Recognition

Marketers will test consumers' ability to recognize a brand when prompted with visual or oral stimulation, some more subtle than others (which can reveal a consumer's confidence in their recognition of an item). Take a look at **Figure 9-8 (Page 378)** to see a test done where some letters from a brand name are missing. Brand recognition is especially important for packaging and there are techniques that test the effectiveness of packaging based on the criteria listed on **Page 375**.

Recall

Brand recall requires that consumers pull the brand element from their minds when prompted, which is more demanding than recognition. There are many types of cues that can be given, from vague to more specific, that help to measure brand recall. The speed with which the consumer responds is also relevant.

Corrections for Guessing

Spurious awareness is when consumers think they recall something that they either don't or that doesn't even exist. In a marketing study this can send misleading signals about the proper strategic direction for a brand, so it is important for marketers to take this into consideration and be aware of this as a potential issue.

Strategic Implications

It is important to understand recall because it can indicate how consumers form consideration sets and make product decisions. **The Science of Branding 9-2 (Pages 380-381)** examines how the category structure in consumers' minds can have profound implications for consumer choice and marketing strategy

Brand Image

Brand image is broken up into lower-level considerations, related to consumer perceptions of specific performance and imagery attributes and benefits, and higher-level considerations related to overall judgments, feelings and relationships. In this section you will learn how to measure lower-level brand performance.

In order to better understand how brand associations might contribute to brand equity, belief associations can be assessed on the basis of strength, favorability and uniqueness. **Figure 9-9 (Page 382)** shows how these might be rated in order to gain more specific insights.

Brand concept maps (BCM) identifies brand associations by providing survey respondents with a set of brand associations used in the mapping stage. Look at the BCM for the Mayo Clinic in **Figure 9-10 (Page 382)**.

It is also possible to use **multidimensional scaling** to determine the perceived relative images of a brand or a product.

Figure 9-11 (Page 383) displays Kapferer and Laurent's brand sensitivity scale. Brand sensitivity can help to measure brand uniqueness.

Brand Responses

Measuring the high-level considerations helps marketers understand consumers combine their lower-level considerations to form brand responses and evaluations. Take a look at **The Science of Branding 9-3 (Pages 384-385)** to further examine this.

Purchase Intentions

Marketers can measure the likelihood of consumers buying a brand or switching to another. It is important to ask consumers what they are buying, why, when and where in order to properly predict whether they will or will not buy a brand or product.

Brand Relationships

This section examines several things to consider with respect to the dimensions introduced in **Chapter 2.**

Behavior Loyalty

Here you will see several examples of questions in order to determine brand usage and behavioral loyalty.

Brand Substitutability

Read about Longman and Moran's scale that will measure brand substitutability, and make sure you understand both the questions and responses.

Other Brand Resonance Dimensions

This section proposes different ways marketers might measure community and active engagement, and focuses closely on online behavior.

Fournier's Brand Relationship Research

Read about Susan Fournier's framework for understanding consumers' relationships with brands, and examine **Figure 9-12 (Page 389)** to see the different types of relationships that characterize consumers' engagement with brands. She defines a brand's strength in terms of the strength, depth and durability of the consumer-brand relational bond using **brand relationship quality (BRQ)**. Read about the six main facets of BRQ on **Page 388**.

Ask yourself: Think of your brand relationships. Can you find examples of brands that fit into Fournier's different categories?

COMPREHENSIVE MODELS OF CONSUMER-BASED BRAND EQUITY (PAGES 390-392)

This section will explore some other models of brand building that provide insight into how to measure brand equity.

Brand Dynamics

Here you can read about Millward Brown's Brand Dynamics model, and examine it in **Figure 9-13 (Page 391).** This model reveals the relative strengths and weaknesses where brands can focus their efforts to improve their loyalty relationships.

Equity Engine

Research International has developed the Equity Engine, as show in **Figure 9-14 (Page 391)** which delineates the authority, identification, and approval of a brand.

Relationship to the CBBE Model

In this section you can see how the two industry models of brand equity relate to the CBBE model

Non-Graded Activities

CHAPTER NINE

Chapter Nine Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Three section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Three Discussion Question (Chapter Nine):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Pick a brand. How would you best profile consumers' brand knowledge structures? How would you use quantitative measures?**

(Note: Your instructor will post the question to the Week Three Weekly Discussion Question Forum)

UNIT THREE ASSIGNMENTS

Unit Three Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Three section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Unit Three Case Analysis

Read *Licensing the Disney Way* starting on page 302. This story raises the following questions:

- How does Disney use different business areas as to keep its product fresh in the minds of consumers?
- How does Disney compare to a similar brand such as Warner Brothers (WB)?
- What changes could its competition make in order to create a similar level of brand equity?

Address the above questions using a 3 to 5 page paper (1000 to 1500 words) in APA format. Below is a recommended outline.

1. Cover page (See APA Sample paper)
2. Introduction
   a. A thesis statement
   b. Purpose of paper
   c. Overview of paper
3. Body (Cite sources with in-text citations.)
4. Conclusion – Summary of main points
   a. Lessons Learned and Recommendations
5. References – List the references you cited in the text of your paper according to APA format.
   a. (Note: Do not include references that are not cited in the text of your paper)

GRADING

Your instructor will provide a grading rubric to evaluate your paper. Please see the Instructor Syllabus and Policies for details.

UNIT FOUR

Chapters & Learning Outcomes

The key points of the following chapters (see textbook) will be discussed in this Unit:

- Chapter Ten
  Measuring Outcomes of Brand Equity:
  Capturing Market Performance — pages 402 to 431
- Chapter Eleven
  Designing and Implementing Branding Strategies — pages 432 to 488
- Chapter Twelve
  Introducing and Naming New Products and
  Brand Extensions — pages 489 to 545

UNIT FOUR LEARNING OUTCOMES

This Unit meets the following learning outcomes:

LO 13. Measuring potential outcomes of brand equity in terms of the major benefits a firm accrues from these sources of brand equity.

LO 14. Calculate issues related to branding strategies— which brand elements a firm chooses to apply across the various products it sells— and how to maximize brand equity across all the different brands and products that a firm might sell.

LO 15. Describe two important tools to help formulate branding strategies— the brand– product matrix and the brand hierarchy.

LO 16. Outline the pros and cons of brand extensions and develops guidelines for introducing and naming new products and brand extensions.

CHAPTER TEN

Measuring Outcomes of Brand Equity: Capturing Market Performance

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Define both brand-based and marketing-based comparative methods.
- Understand how to use the comparative analysis method
- Define residual and valuation approaches and understand their advantages and disadvantages
- Understand Interbrand's Valuation Methodology

This chapter examines measurement procedures that can help assess the effects of brand knowledge structures on other measures that capture market performance for the brand. An example can be seen in **The Science of Branding 10-1 (Pages 406-407)**. The chapter will review comparative methods that help to assess the effects of consumer perceptions on consumer response to marketing, and then will introduce holistic methods which help to estimate the overall value of the brand.

COMPARATIVE METHODS (Pages 404-410)

Comparative methods are experiments used to examine consumer attitudes toward a brand to estimate the benefits from having a high level of awareness and positive brand associations. In **brand-based comparative approaches**, one group of consumers responds to a marketing activity that is attributed to the target brand, while another group responds to the same activity but it's attributed to a competitive or fake brand. In **marketing-based comparative approaches**, consumers respond to changes in the marketing activity for the target or competitive brand.

Brand-Based Comparative Approaches

It can be helpful to examine how consumers evaluate marketing activity when it's attributed to a competitor, because their reactions may supply missing information regarding a certain competing brand. Blind testing is a very common type of brand based comparative approach, and can help to determine brand equity benefits related to price margins and premiums.

These methods are especially helpful when a brand is trying out new marketing activity, because if something in the marketing activity being observed by consumers is familiar, there's no certainty that they will not become aware of the brand.

Marketing-Based Comparative Approaches

These methods can be helpful to explore price premiums and to reveal brand-switching and loyalty patterns. Marketers can also use these methods to assess consumer responses to advertising activity. An example of this can be examined in **The Science of Branding 6.1**, which shows how different advertising weights or repletion schedules can be tested**.** It is also possible to measure consumer response to possible brand extensions (see **Figure 10-1 on Page 408)**.

While through this method it is possible to assess any set of marketing actions, it can be difficult to discern whether consumer responses are caused by brand knowledge, or by more generic product knowledge. Conjoint analysis, as you will learn next, can help solve this problem.

Conjoint Analysis

Conjoint analysis is a method that can help marketers to determine the importance that consumers attach to certain brand and product attributes. It measures the **part worth**, or value, of each attribute. Take a look at **Figures 10-2 and 10-3 (Pages 410 and 411)** to see the application of this method.

The ways in which this method can be used are limited—it can help to determine brand loyalty when consumers are faced with the choice between paying less or buying a preferred brand, or it can help marketers to explore the possibility of brand extension or improvement. It can help to reveal consumers' responses to different marketing activities, but it is important to make sure that consumers do not evaluate unrealistic product profiles. Also, marketers must follow some guidelines in order to properly specify and interpret brand attribute levels.

Ask yourself: Think of a brand, and attempt to do an analysis similar to that of the Planter's brand in **Figure 10-1.** What can you learn about a brand's potential for extendibility?

HOLISTIC METHODS (Pages 410-422)

Holistic methods place an overall value on the brand in either abstract utility terms or concrete financial terms, in order to determine the unique contribution of the brand.

Residual Approaches

Based on physical aspects alone, this method examines the value of the brand by subtracting consumers' preferences for the brand from their overall brand preferences. Make sure you understand the explanation on **Pages 411-413**.While residual approaches provide a useful benchmark for interpreting brand equity, they only provide a limited diagnostic value for strategic decision making.

Valuation Approaches

This method places a financial value on brand equity for accounting purposes, mergers and acquisitions. In this section (**Pages 413-422)** you will learn why it can be useful to put a specific price tag on a brand's value. It can be a complicated task to determine the true overall value of a brand, since the value of its assets may be excluded from the company's balance sheet. In this section you will explore how to determine this value.

Accounting Background

Make sure you understand the meaning of **tangible** and **intangible assets** and **goodwill** (**Pages 413-414).**

Historical Perspectives

This section explores several examples brand valuation's past.

General Approaches

Valuation approaches measure brand equity in dollars by determining a) the amount of money that would be required to reproduce or replace the brand (cost approach), b) the incremental cash flows that would arise from the sale of the brand versus those that would arise from the sale of an unbranded product (market approach), or c) the net present value of the discounted future cash flows to be derived from the brand (income approach). **The Science of Branding 10-2 (Pages 416-417)** describes another income-based valuation approach.

Simon and Sullivan's Brand Equity Value

In this section you will learn about Simon and Sullivan's technique for estimating a firm's brand equity. In **Figure 10-5 (Page 419)** you can see their estimates for brand quity for some selected food companies.

Interbrand's Brand Valuation Methodology

Here you will learn about Interbrand's different approaches in developing its brand valuation methodology. Make sure to read about the five recommended valuation steps (**Figure 10-6 on Page 419).**

Figure 10-7 (Page 420) displays a brand strength assessment.

Figure 10-8 (Page 421) shows the calculation of the role of branding index (RBI) for a hypothetical beer brand.

Brand valuation can be a controversial subject. Some marketing experts feel it is impossible to reduce the value of a brand to a single number and that in order to measure brand equity in this way, too many oversimplified assumptions must be made. In **Branding Brief 10-1 (Pages 422-423)** you will see how several brand acquisitions turned out to be unsuccessful for firms. **Figure 10-9 (Pages 424-425)** shows a crucial set of brand equity and tracking measures.

Ask yourself: What do you think are the main advantages and disadvantages of the Interbrand methodology?

Non-Graded Activities

Chapter Ten Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Four section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Four Discussion Question (Chapter Ten):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Read about the unsuccessful brand acquisitions in Branding Brief 10-1. What alternative decisions could the acquiring firms have made to possibly avoid the decrease in sales of the acquired brand? What mistakes were made?**

(Note: Your instructor will post the question to the Week Four Weekly Discussion Question Forum)

CHAPTER ELEVEN

Designing and Implementing Branding Strategies

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Become aware branding architecture
- Define the brand-product matrix and understand how to read it
- Define the breadth and depth of a branding strategy and how marketers assess each one
- Understand different ways to develop a corporate image
- Define the levels of branding hierarchy
- Understand the issues behind designing a branding strategy
- Understand how to combine the different levels of branding hierarchy in a marketing program
- Learn what adjustments might be needed in a marketing program that uses more complex marketing activities.
- Understand how to use cause marketing and green marketing, and consider the various difficulties that can arise.

This chapter examines branding strategies, and explores how to maximize brand equity across all of the brands and products a firm sells. You will learn about two strategic tools, the **brand-product matrix** and the **brand hierarchy**, then you will be presented with some guidelines for designing branding strategies, and finally, the chapter will discuss some of the issues in implementing these branding strategies.

BRAND ARCHITECHTURE (Page 433-446)

Brand architecture, or, the **branding strategy** tells marketers which brand names, logos, or symbols to apply to which new and existing products. The point is to improve customer understanding of the brand and products, and to improve trial and repeat purchases.

The Brand-Product Matrix is a graphical representation of all of the brands and products sold by a firm (see **Figure 11-1 on Page 434).** Make sure you understand the explanation on **Page 434** as well as the following terms:

- Brand-product relationships

CHAPTER ELEVEN

- Brand line
- Product-brand relationships
- Brand portfolio
- Product line
- Product mix
- Brand mix

In **Branding Brief 11-1 (Page 436-437)** you will read about the design of the Gap's brand portfolio.

The **Breadth of a Branding Strategy** describes the number and nature of different products linked to the brands sold by a firm. The **breadth of the product mix** is how many different lines the firm carries. Take a look at **Figure 11-2 (Page 435)** and read about Lehmann and Winer's factors affecting product category attractiveness.

The **depth of the product mix** is how many variants are offered in each product line. Marketers must first assess in which product categories and markets to compete, and then they must choose the optimal product line strategy. Then they decide which products to attach to a brand, and how many brands to support in each product category. In **Branding Brief 11-2 (Pages 440-441)** you can read about VF's experiences in stretching its brand name and business through strategic acquisitions.

The **Depth of a Branding Strategy** is the number and nature of different brands marketed in the product class sold by a firm. Firms adopt multiple brands in the same category to pursue price segments, channels of distribution etc. Take a look at **Branding Brief 11-3 (Pages 442-443)** to read about Ford's brand portfolio strategy, and to read about an academic approach to brand portfolio, have a look at **The Science of Branding 11-1 (Pages 444-445).** The main goal in designing a brand portfolio is to maximize market coverage but minimize brand overlap—ideally no customer will be ignored, and brands won't compete among themselves. **Figure 11-3 (Page 442)** summarizes some of the roles a brand can play as part of a brand portfolio.

Some brands act as **flankers**, which create stronger points of parity with competitors' brands so that more profitable flagship brands can maintain their position in the market. Marketers must be careful to make sure that these flankers are not so attractive that they take sales away from their higher-priced comparison brands.

Marketers hold on to some brands that hold enough customers to maintain profitability and need no marketing support. These are referred to as **cash cows.**

Sometimes brands introduce line extensions or brand variants that vary in price and quality. A low-priced brand in a brand portfolio can serve to attract customers to the brand franchise. A high-priced brand might add prestige and credibility to the whole portfolio.

Ask yourself: What has drawn you to a brand family in the past? Price? Image? What gives a brand more or less credibility?

BRAND HIERARCHY (Page 446-462)

A **brand hierarchy** graphically portrays a firm's branding strategy by displaying common and distinctive brand elements a firm's products share, and thus revealing the order of brand elements. **Figure 11-4 (Page 447)** shows ESPN's brand hierarchy at one time. Generally, the highest level of the hierarchy is the **corporate company brand**, next is usually a **family brand,** then an **individual brand**, usually restricted to one product category. On **Page 448** you can see General Motor's Brand Hierarchy, in **Figure 11-5.**

Building Equity at Different Hierarchy Levels

Corporate or Company Brand Level

It is important for marketers to produce a proper corporate image, which depends on many factors—the products it makes, how it treats its employees, its role in society etc. Look at **Figure 11-6 (Page 450)** to see some determinants of company image. In **Brand Focus 11-0 (Pages 482-485)** read about how Johnson & Johnson saved its image in a time of crisis.

Positive **corporate brand equity** is when consumers respond more favorably to corporate marketing activity than to the same activity regarding an unknown or fictitious company. In **The Science of Branding 11-2 (Pages 452-453)** you can read about one approach to defining corporate brand personality.

A corporate brand can hold a wider range of associations than a product brand, and while it offers many marketing advantages, it must be carefully built and nurtured. In **Branding Brief 11-4 (Pages 454-455)** read about the closely related concept-corporate reputation.

Family Brand Level

Family brands are applied across a range of product categories, and are sometimes referred to as range or umbrella brands. They can be helpful when trying to evoke a specific set of associations across a group of related products.

Individual Brand Level

Individual brands are restricted to one product category. This allows marketers to customize the brand and its marketing activity to meet the needs of a specific customer group.

Modifier Level

Sometimes brands must be distinguished according to different types of items or models. Brand modifiers communicate the unique attributes held by each different product within a category that share the same brand name.

The **Product Descriptor** helps communicate what the product is and does, and helps define the relevant competition to consumers.

Corporate Image Dimensions

In this section you will learn about the different types of associations that might be linked to a corporate brand and can affect its brand equity. **Figure 11-7 (Page 454)** illustrates some of these, and **The Science of Branding 11-2 (Pages 452-453)** describes some academic research into corporate branding.

Common Product Attributes, Benefits, or Attitudes

A corporate brand that is linked to a diverse range of products will likely have associations that are abstract or intangible. Two of these are very important: **high quality** and **innovative image associations (see Page 455-456).** Read about how 3M has developed an innovative culture and image in **Branding Brief 11-5 (Pages 456-457).**

People and Relationships

Some firms use the characteristics of its employees to reflect the image it would like to convey of the service it provides. A **customer-focused corporate image** creates consumer perceptions of a company as responsive to and caring about its customers.

Values and Programs

Firms can run corporate ad campaigns to communicate their philosophy and actions regarding social, political or economic issues. In **Branding Brief 11-6 (Pages 460-461)** read about how Clif Bar has maintained a consistent corporate image that conveys its values.

Corporate Credibility, (as defined in **Chapter 2)** measures the extent to which consumers believe a firm can design and deliver products and services that satisfy customer needs and wants. It depends on corporate expertise, corporate trustworthiness and corporate likability.

Ask yourself: Think of a corporate brand and its image. What do you think makes the brand successful? Does the brand image convey a certain value? Does it promise excellent customer service? What are the brand images that speak the most to you?

DESIGNING A BRANDING STRATEGY (Pages 462-473)

Firms have many branding options depending on how it employs each level of branding hierarchy. **Figure 11-8 (Page 463)** classifies the brand strategy adopted by different brands. Marketers can adopt different branding strategies for different products within the same firm, and the brand hierarchy might not be symmetric. Depending on the market segment, a sub brand might be more meaningful, as seen in **Figure 11-9 (Page 463).** Look at the guidelines in **Figure 11-10 (Page 464)** to see how firms can use different levels of the brand hierarchy to build brand equity.

Number of Levels of the Brand Hierarchy

Most firms choose to use more than one level of hierarchy in order to communicate additional information about its products. **Sub-branding** is the practice of combining an existing brand with a new brand, and this can allow for the creation of specific brand beliefs, and can create a stronger connection to the family brand.

The **principle of simplicity** is based on the need to provide the right amount of branding information to consumers.

Desired Awareness and Image at Each Hierarchy Level

This section deals with how much brand awareness marketers should create for brand elements at each hierarchical level. According to the **principle of relevance**, marketers should create associations that are relevant to as many brands as possible. A more abstract association will be more relevant to different products especially at the corporate or family levels. According to the **principle of differentiation**, marketers should distinguish brands at the same level as much as possible. This is especially important at the individual brand or modifier levels.

Combining Brand Elements from Different Levels

This section explores how to combine and emphasize different brand elements from different levels of the brand hierarchy to brand new products. Take a look at how Gray and Smeltzer define **corporate/product relationships (Page 467)**, and make sure you understand the **principle of prominence**, defined on the same page.

A **brand endorsement strategy** is when a brand element appears somewhere on the product but is not directly included as a part of the brand name.

Linking Brand Elements to Multiple Products

One brand element can be linked to multiple products, which, according to the **principle of commonality**, can create a stronger linkage between the products. A common name or symbol can be a simple way to achieve this, and it can also be helpful to logically order brands in a product line, through colors, numbers, etc. (See **Branding Brief 11-7** on **Pages 470-471).**

Adjustments to the Marketing Program

In this section you will learn about the adjustments that may be needed in a marketing program that has adopted more complex branding strategies.

Corporate image campaigns create associations to the corporate brand as a whole and thus ignore or downplay individual products or sub brands. Read the objectives of this strategy on **Page 471-472.**

Brand line campaigns emphasize the breadth of products associated with the brand by referring to the range of products associated with a brand line. This can be very useful in building brand awareness and clarifying brand meaning.

Ask yourself: Pick a company. Characterize its brand portfolio and brand hierarchy. How would you improve the company's branding strategies?

USING CAUSE MARKETING TO BUILD BRAND EQUITY (Pages 473-)

Cause marketing is essentially when a firm donates a portion of its profits to a certain cause.

Advantages of Cause Marketing

Firstly, cause marketing can elicit a positive response from consumers—many consumers would prefer to spend their money on a product associated with a good cause. It can also build brand awareness, enhance brand image, establish brand credibility, evoke brand feelings and elicit brand engagement. Read about the details of these benefits on **Pages 474-475.** By humanizing a firm, customers may develop a strong, unique bond with that firm.

Designing Cause Marketing Programs

There are many forms of cause marketing. See how the Body Shop adopted cause-related marketing in **Branding Brief 11-8 (Pages 476-477).** Marketers must beware if cynical consumers start to question the link between the product and the cause and see the firm as being exploitative. It is thus important that there be a connection between the brand and the cause.

Green Marketing

Today a large percent of consumers prefer to buy environmentally safe products. Thus, many companies now work to satisfy consumers' sensitivity to environmental issues. See some of the green marketing initiatives by large corporations described in **Branding Brief 11-9 (Pages 478-479)**.

Unfortunately the public can become skeptical of the validity of the environmental claims made by some companies.

Studies were made to clarify consumer attitudes toward the environment that revealed that not all consumers were willing to pay a premium for environmental benefits, although certain market segments would. Some consumers were also unwilling to sacrifice product performance or convenience in exchange for environmental benefit.

Read about the possible solutions to green marketing on **Page 480.**

Ask yourself: Have you ever chosen to buy a product because it gave money to a cause? What about a product that offered environmental benefits? How do you feel about paying a premium for either of these options?

Non-Graded Activities

Chapter Eleven Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Four section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Four Discussion Question (Chapter Eleven):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Compare and contrast the branding strategies and brand portfolios of market leaders in two different industries. Characterize each of their branding portfolios. What improvements might you make in each of their marketing programs?**

(Note: Your instructor will post the question to the Week Four Weekly Discussion Question Forum)

CHAPTER TWELVE

Introducing and Naming New Products and Brand Extensions

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Learn the concept of brand extensions
- Consider the advantages and disadvantages of brand extensions
- Understand how brand extensions might be evaluated
- Learn about vertical brand extension, and consider the advantages and disadvantages
- Determine how to develop a marketing program to launch a brand extension
- Understand the guidelines for brand extension

This chapter will consider the role of product strategy in creating, maintaining, and enhancing brand equity. You will learn some guidelines to help learn how to introduce and name new products and brand extensions.

NEW PRODUCTS AND BRAND EXTENSIONS (PAGES 490-494)

Start by examining **Figure 12-1 (page 490)** to see the sources of growth for a firm, and look at **Branding Brief 12-1 (Pages 492-493)** to read about McDonald's growth strategies. In **Branding Brief 12-2 (Pages 494-495)** you can read about the difficulties a brand can face when introducing a new product.

A **brand extension** is when a firm introduces a new product under an established brand name. A brand extension can be a **sub-brand** when the new brand is combined with an existing brand, and the existing brand that gives birth to a brand extension is the **parent brand.** A **family brand** is a brand associated with multiple products through brand extensions. A line extension adds a different flavor, different physical form or a different application for the brand. A category extension is when a parent brand enters a different product category. Take a look at the strategies for establishing a category extension on **Pages 491 and 494**.

Ask yourself: Have you ever bought a new product just because it was linked to a parent brand with which you were familiar?

ADVANTAGES OF EXTENSIONS (Pages 494-502)

See **Figure 12-2 (Page 495)** to see the many advantages of brand extension.

Facilitate New Product Acceptance

It is reported that only 20% of new products are successful, maybe less. Read about the main reasons for product failure on **Page 496.** However, products introduced as a brand extension may be more likely to succeed. Read about this in regards to Law & Order in **Branding Brief 12-3 (Pages 496-497).**

With a brand extension, consumers are likely to make inferences and form expectations about the new product based on what they know and how they feel about the brand itself. This can help render a new product successful. Likewise, perceptions of corporate credibility can be valuable associations in introducing brand extensions.

It is easier to market a new product that is a brand extension because the campaign does not have to create awareness of the brand, only of the new product. The introductory and follow-up marketing programs for brand extensions can be significantly lest costly than those for a brand new brand and product, as can packaging or labeling.

Consumers sometimes seek a change, and brand extension provides them with something new while allowing them to still stick with the brand.

Provide Feedback Benefits to the Parent Brand

Extensions can help to clarify brand meaning, as you can see in **Figure 12-3 (page 500).** They can also enhance the parent brand image by strengthening an existing brand association, improving the favorability of an existing brand association or adding a new brand association. Line extensions can help to expand the market coverage of a parent brand by offering a product that wasn't offered before, and thus draws in new customers. Brand extensions can also renew interest and liking for a brand. In general, if an extension is successful, it can open the door for subsequent extensions.

Ask yourself: Have you ever felt bored with a brand, and then, thanks to the introduction of a new product by the same brand, renewed your appreciation for it?

DISADVANTAGES OF BRAND EXTENSIONS (Pages 502-511)

See the potential disadvantages of brand extensions in **Figure 12-4 (Page 503).**

Can Confuse or Frustrate Consumers

Consumers can become frustrated when they are presented with too many varieties of a product to choose from.

Can Encounter Retailer Resistance

Too many varieties of a product can result in retailers not having space to stock all of them, which can lead to frustration on the part of consumers if they cannot find what they are looking for. In **The Science of Branding 12-1 (Pages 504-505)** illustrates how to reduce brand proliferation and simplify marketing.

Can Fail and Hurt Parent Brand Image

Negative feedback of a brand extension can harm the parent brand, and, if an extension initially succeeds, by linking that brand to multiple products there is an even greater risk that if a problem occurs with a product in the brand family, the reputation of all the remaining products could be tarnished.

Can Succeed but Cannibalize Sales of Parent Brand

If consumers simply switch from one existing product to an extension, this can have a harmful (cannibalizing) effect on the parent brand.

Can Succeed but Diminish Identification with Any One Category

A brand extension might obscure the identification of the brand with its original categories, and thus reduce brand awareness. This isn't always the case though, as seen in **Branding Brief 12-4 (Pages 508-509).**

Can Succeed but Hurt the Image of the Parent Brand

It is important that the brand extension not have any associations that might be seen as inconsistent or conflicting with those of the parent brand, lest consumers change their perceptions of the parent brand.

Can Dilute Brand Meaning

Luxury brands in particular now try to avoid this problem by signing licensing agreements with a single retailer, in order to better control the inventory and protect their brands.

Can Cause the Company to Forgo the Chance to Develop a New Brand

Companies that introduce a new product as a brand extension miss out on the chance to create a new brand with its own unique image and equity.

Ask yourself: Think of a brand extension that has in some way hurt its parent brand. How could this have been avoided?

UNDERSTANDING HOW CONSUMERS EVALUATE BRAND EXTENSIONS (Pages 511-516)

This section examines how consumers evaluate brand extensions, and offers ideas to help predict the potential for success of a brand extension. **Figure 12-5 (Page 511)** shows some unsuccessful and some successful brand extensions.

Managerial Assumptions

Starting with the baseline case that customers are evaluating the brand extension based solely on what they already know about the parent brand, you can assume that consumers will thus use this knowledge to infer what the extension product might be like. Take a look at the four basic conditions outlined on **Page 512.**

Brand Extensions and Brand Equity

Creating Extension Equity

In order to create equity for the brand extension, it must have a high level of awareness and achieve necessary and desired points of parity and points of difference. Look at the factors explained on **Page 512-513.**

Contributing to Parent Brand Equity

An extension must also strengthen or add positive associations to the parent brand. Read about the four factors that can determine the effects of an extension on consumer brand knowledge on **Page 513.**

Vertical Brand Extensions

Vertical brand extensions are where a brand is extended up into more premium market segments or down into more value-conscious segments, and can result of the acquisition of new groups of consumers. Consider the advantages and disadvantages of vertical extensions on **Page 515**. Companies sometimes use different brand names to avoid the possible risks in vertical extension. Take a look at **Branding Brief 12-5 (Pages 516-517)** to see how Levi's has been successful with vertical extensions.

EVALUATING BRAND EXTENSION OPPORTUNITIES (Pages 517-523)

Consider the steps listed in **Figure 12-6 (Page 518)** that are designed to successfully introduce brand extensions.

Define Actual and Desired Consumer Knowledge about a Brand

It is especially important for marketers to understand the depth and breadth of awareness of the parent brand, and the strength of its associations. They must then understand where they would like to take the brand in the long run, as the introduction of an extension can change brand meaning.

Identify Possible Extension Candidates

Marketers must consider parent brand associations and product categories that might fit with that brand image in the consumers' minds in order to determine what extensions would be appropriate. In **Figure 12-7 (Page 519)** you can see an analysis of possible extensions of Vaseline.

Evaluate the Potential of the Extension Candidate

Through judgment and research marketers must assess the likelihood that the extension will realize the advantages and avoid the disadvantages of brand extensions explored earlier in the chapter (**Figures 12-2 and 12-4).** Marketers can use consumer research **(Chapter 10)** in order to find more about the strength of brand awareness and associations as well as consumers' perceptions of a proposed extension. Marketers must also take a broader corporate and competitive perspective into account in order to evaluate a proposed brand extension.

Designing Marketing Programs to Launch Extension

It is important for marketers to develop a marketing strategy for a brand extension just as they would for a new product. They must choose brand elements, design a marketing program, and leverage secondary associations.

Choosing Brand Elements

Brand extensions can leverage a brand name, or other brand elements. Marketers must thus consider which elements will be the most beneficial to the brand extension.

Designing Optimal Marketing Program

The guidelines for the marketing program for brand extensions are the same as those examined in **Chapters 5 and 6.** It is necessary to establish points of parity with the a parent brand, and, for line extensions, it must be clear to consumers how the new product relates to existing products.

Leveraging Secondary Brand Associations

Brand extensions will usually leverage the same secondary associations as the parent brand, although it may be necessary in some cases to link to other entities.

Evaluate Extension Success and Effects on Parent Brand Equity

Lastly, it is important to determine whether the extension will be able to achieve its own equity as well as contribute to the equity of the parent brand. Look at **Figure 12-8 (Page 523)** to see a summary checklist of important things to consider when evaluating brand extensions.

EXTENSION GUIDELINES BASED ON ACADEMIC RESEARCH (Pages 523-538)

This section will give some guidelines regarding brand extensions. Read the detailed explanations of the conclusions displayed in **Figure 12-9 (Page 524)** on **Pages 523-538.** Make sure you understand each point.

Figure 12-10 (Page 526) shows the results of some of Broniarcyzk and Alba's demonstrations, as explained on **page 526.**

Look at **The Science of Branding 12-2 (Page 529)** to read about one approach to dealing with the extendability challenge explained on **Page 528.**

Branding Brief 12-6 (Pages 534-535) details the expansion of the Marriott hotel brand.

Ask yourself: Consider the following brands and discuss the extendibility of each:

a. Harley-Davidson
b. Red Bull
c. Tommy Hilfiger
d. Whole Foods
e. Netflix
f. U.S. Marines
g. Gret Goose Vodka
h. Victoria's Secret
i. Blackberry
j. Las Vegas
k. Kate Spade

Non-Graded Activities

Chapter Twelve Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Four section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Four Discussion Question (Chapter Twelve):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Pick a brand extension. Use the models presented in the chapter to evaluate its ability to achieve its own equity as well as contribute to the equity of a parent brand. If you were the manager of that brand what would you do differently?**

(Note: Your instructor will post the question to the Week Four Weekly Discussion Question Forum)

UNIT FOUR ASSIGNMENTS

Unit Four Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Four section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Unit Four Case Analysis

Read *Law & Order* starting on page 496. This story raises the following questions:

- How has Law & Order used branding strategies as to become a successful show with many brand extensions?
- What are the branding challenges and opportunities facing Law & Order's market?
- Compare Law & Order to another successful parent brand in a different industry. How do the strategies compare? Indicate and discuss similarities, differences, and the purposes driving their differences.

Address the above questions using a 3 to 5 page paper (1000 to 1500 words) in APA format. Below is a recommended outline.

1. Cover page (See APA Sample paper)
2. Introduction
    a. A thesis statement
    b. Purpose of paper
    c. Overview of paper
3. Body (Cite sources with in-text citations.)
4. Conclusion – Summary of main points
    a. Lessons Learned and Recommendations
5. References – List the references you cited in the text of your paper according to APA format.
    a. (Note: Do not include references that are not cited in the text of your paper)

GRADING

Your instructor will provide a grading rubric to evaluate your paper. Please see the Instructor Syllabus and Policies for details.

UNIT FIVE

Chapters & Learning Outcomes

The key points of the following chapters (see textbook) will be discussed in this Unit:

- Chapter Thirteen
  Managing Brands Over Time pages 545 to 587
- Chapter Fourteen
  Managing Brands Over Geographical Boundaries
  and Market Segments pages 588 to 634
- Chapter Fifteen
  Closing Observations pages 635 to 674

UNIT FIVE LEARNING OUTCOMES

This Unit meets the following learning outcomes:

LO 17. Examine a number of specific topics in managing brands over time, such as the advantages of maintaining brand consistency, the importance of protecting sources of brand equity, and tradeoffs in fortifying vs. leveraging brands.

LO 18. Assess the differences in consumer behavior and different types of market segments for managing brand equity particularly as they apply to international issues and global branding strategies.

LO 19. Establish managerial guidelines and key themes to apply as success factors for branding.

CHAPTER THIRTEEN

Managing Brands Over Time

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Understand the importance of brand reinforcement over time
- Consider the various ways marketers can reinforce their brand to adapt to external changes
- Understand the various ways to revitalize a fading brand
- Consider how to adjust the brand portfolio to accommodate any changes that have occurred, and to know when and how it is appropriate to retire a brand.

This chapter examines how to manage brands over time, and to adapt to changes in consumer behavior, competitive strategies, government regulations and other aspects of the marketing environment. These changes can affect consumers' brand awareness or brand image, so it is important to be aware of potential threats to brand equity, and know how to navigate certain situations. **Figure 13-1 (Page 548)** shows how to assess the long terms of effects of marketing actions on brand equity. You will learn the importance of reinforcing the brand meaning and even making changes to the marketing program to identify new sources of brand equity.

REINFORCING BRANDS (Pages 547-558)

This section considers how marketers can reinforce brand equity over time, making sure that consumers' maintain sufficient brand knowledge. Generally, marketers try to always convey both what products the brand represents and what benefits and needs it provides, as well as how the products of that particular brand are superior to its competitors.

Maintaining Brand Consistency

When reinforcing brands it is most important is that the nature and amount of marketing support remain consistent.

Market Leaders and Failures

It can be very detrimental to a brand to reduce marketing support, especially if they are increasing prices. Brands that have maintained market leadership for many years prove that marketing consistency is key.

Consistency and Change

Consistency does not mean that marketers shouldn't change the marketing program, in fact, often tactical changes are often necessary to accommodate modifications to the product, prices, etc. However, it is still important to retain certain key elements of the marketing program and brand meaning must also remain consistent.

Protecting Sources of Brand Equity

While brands should always be looking for new sources of brand equity, it is extremely important to preserve and defend those that already exist. Marketers must not overlook the value of current sources of brand equity while attempting to expand the meaning of their brands.

Fortifying versus Leveraging

In managing brand equity, marketers face tradeoffs between activities that strengthen brand equity, and those that capitalize on existing brand equity to reap some financial benefit. If marketers design programs that are aimed at capitalizing on or maximizing brand awareness, the brand can become neglected and its sources of equity diminished.

Fine Tuning the Supporting Marketing Program

Tactical changes to the marketing program should only be made when it's evident that the current program is no longer properly contributing to maintaining and strengthening brand equity. In **The Science of Branding 13-1 (Pages 552-553)** read about one perspective on different ways to manage brand concepts.

Product-Related Performance Associations

For brands that are most known and appreciated for the performance of their products, it is extremely important to that regular improvements are made to product design, manufacturing and merchandising. This kind of innovation is critical for categories such as toys, entertainment products, personal care products and insurance. **Branding Brief 13-1 (Pages 554-555)** describes how Gillette has used innovation to build equity for its products. Read about the setbacks Mattel experience after failing to innovate Barbie in **Branding Brief 12-2 (Pages 556-557).**

It is important not to change the product too much, especially if the brand meaning is related to the product design. Marketers want to reassure that it's a better version of the same product.

Non-Product Related Imagery Associations

For brands whose primary associations are non-product-related attributes, it is important to maintain relevant user and usage imagery. Although it is easy to change non-product-related images, marketers must be careful not to do so too frequently lest the image of the brand be blurred. Also, because effective brand images often cause consumers to make strong associations, these can be difficult to change. New brand claims must be presented in a compelling fashion in order to be convincing. Look at **Branding Brief 13-3 (Page 559)** to read about Michelob's struggle with repositioning. **Branding Brief 13-4 (Page 560)** describes how Burberry remade itself through innovation.

Ask yourself: Think of a brand that has been around for many years. What strategies has it employed in order to maintain and fortify its brand?

REVITALIZING BRANDS (Pages 558-572)

In every product category there exists at least one prominent brand that has faced major struggles, yet in recent years, some of these have made a comeback. See the examples in **Branding Brief 13-5 (Page 561).** You can see that there are two ways brands can make a comeback, by returning to their roots to recapture lost sources of equity, or by making fundamental changes in order to recapture market leadership.

Marketers must first profile brand knowledge structures, by characterizing the breadth and depth of brand awareness, in order to guide repositioning. Then they must decide whether to retain the same positioning or create a new one. Read about Harley-Davidson's comeback strategy in **Branding Brief 13-6 (Pages 562-563)**. Unlike Harley-Davidson, which used a back-to-basics method, Mountain Dew needed a whole new brand image, as you can see in **Branding Brief 13-7 (Pages 564-565).**

It is always important to use the customer-based brand equity framework to decide how to refresh old sources of brand equity or to create new ones. The choices are to either expand brand awareness or improve the strength of brand associations.

Expanding Brand Awareness

Often the problem is less the depth of awareness and more the breadth of brand awareness—consumers think of the brand in narrow ways. Here you will learn a few strategies to increase usage and find new uses for a brand.

Identifying Additional or New Usage Opportunities

A marketing program to identify new ways for consumers to use the brand must include reasons why the brand should be used more frequently, and reminders to consumers to actually use the brand at appropriate times. It can be helpful to create an advertising campaign that pushes the brand to the front of the consumer's mind, or one that reminds the consumer of the diverse ways in which or situations where the product could be used. It can also be helpful to make the product more user-friendly, and to make it more obvious when it's time to replace the products or its parts.

Identifying New and Completely Different Ways to Use the Brand

Another way to increase the use of a brand is to find new applications for the products. Read more about this in **The Science of Branding 13-2 (Page 569).**

Improving Brand Image

Sometimes it is necessary to create a whole new marketing program to improve a brand's image.

Repositioning the Brand

It can be helpful to establish stronger points of difference, and it has been shown that nostalgic advertising can positively influence consumers (read about this on **Page 568)**. In other cases, it might be important to establish key points of parity, whey trying to render a mature brand more up-to-date and contemporary.

Changing Brand Elements

A change in band elements can help to convey new information or show that the brand has taken on new meaning due to a change in products or marketing activity. A brand's name is the hardest to change, but can be useful to convey a new image. **Brand Focus 13.0 (Pages 584-588)** addresses the issue of changing corporate names.

Entering New Markets

In order to effectively target new markets, it's often necessary to change the marketing program. Sometimes brands must reach out to a new group of customers, target a different demographic, target existing customers who might eventually move away from the brand, or target lost customers who no longer use the brand. It might also be helpful for a fading brand to simply target a whole new market segment and leave behind the current one.

Ask yourself: What brands can you think of that fell to the wayside, only to be revitalized, and are now thriving? What strategy was employed to bring the brand back to life?

ADJUSTMENTS TO THE BRAND PORTFOLIO (Pages 572-582)

It is very important for marketers to consider the role of different brands in the portfolio and their relationships as time goes on, making sure that they stay relevant and continue to satisfy consumer needs. You will learn about some branding issues faced by AT&T's brand portfolio when changes were occurring in **Branding Brief 13-8 (Page 573).**

Migration Strategies

Brands can help customers to migrate within the brand portfolio, ingraining in their minds how they might be able to switch among products within a portfolio depending on their needs.

Acquiring New Customers

Firms must always be working on marketing strategies to attract new, and especially younger customers. It is thus important to make the brand seem relevant to different generations, as you will see in **Figure 13-2 (Page 574).** Read about Volkswagen's experience in **Branding Brief 13-9 (Pages 576-577)**.

Multiple Marketing Communication Programs

It is possible to attract different market segments by creating separate advertising programs for each one.

Brand Extensions and Sub-Brands

It can also be effective to keep the brand modern and establish a new sub-brand that might satisfy the needs of new customers, or those changing desires of current customers.

New Distribution Outlets

It might be necessary simply to make a product more available to the new target market group, by selling in new retail outlets.

Retiring Brands

Sometimes it's simply not worth it to save a brand. In these cases, it can help to reduce the number of its product types, which will save costs and maybe even allow the brand to reach profit targets. In other cases, it's is necessary to either consolidate the brand into a stronger brand, or to discontinue the product completely.

Read **Branding Brief 13-10 (Pages 578-579)** to learn about the new business model of "orphan adopters."

Obsoleting Existing Products

There are many factors to consider when deciding whether or not to retire a brand. See **Figure 13-3 (Page 581). Branding Brief 13-11 (Pages 580-581)** shows how a brand might clean up its brand portfolio.

Ask yourself: Have any of your favorite brands been discontinued or orphaned? What do you think could have helped in their marketing program to avoid this failure?

Non-Graded Activities

Chapter Thirteen Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Five section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Five Discussion Question (Chapter Thirteen):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Take a look at the Unilever brand portfolio on Pages 580-581. How successful have they been at reducing the number of brands? What lessons can you learn from their strategies?**

(Note: Your instructor will post the question to the Week Five Weekly Discussion Question Forum)

CHAPTER FOURTEEN

Managing Brands Over Geographical Boundaries and Market Segments

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Understand why brands market globally
- Learn about the advantages of global marketing
- Understand the advantages and disadvantages of a standardized global marketing program
- Learn how to market globally using a mix of standardizing and customizing techniques
- Understand the different ways to achieve globalization, and what difficulties might arise

This chapter explores the how to manage brand equity considering the vast number of different types of market segments that exist today, with a particular focus on international issues and global branding strategies.

REGIONAL MARKET SEGMENTS (Pages 589-590)

Regionalization is when a brand tailors its products and marketing activities to fit specific regions of the country, or even specific neighborhoods. It allows for more focused targeting of consumer groups, but can be risky—marketing efficiency can suffer, costs may rise, and the brand's national identity could become blurred.

OTHER DEMOGRAPHIC AND CULTURAL SEGMENTS (Pages 590-591)

Marketers must decide, based on the costs and benefits of customized marketing efforts, which, if any, market segments to target, among the many possible demographics out there. In **Branding Brief 14-1 (Pages 592-593)** you will read about marketing that targets specifically African Americans. Problems that might arise when trying to target cultural groups are data collection, language, and sensitivity to being treated as "different."

RATIONALE FOR GOING INTERNATIONAL (Page 591)

There is a growing interest in global marketing due to the success of many brands. **Branding Brief 14-2 (Pages 594-595)** examines two brands that have seen this success. Ideally it would be most efficient to create one uniform marketing program for each target country, but this is not always possible or efficient.

ADVANTAGES OF GLOBAL MARKETING (Pages 591-596)

Look at **Figure 14-1 (Page 591)** to see some of the advantages of global marketing. The more standardized the program, the more likely that these advantages will be realized.

Economies of Scale in Production and Distribution

Global marketing causes an increase in production and distribution, which in turn allows for more efficient and cost-effective manufacturing.

Lower Marketing Costs

The more uniform the brand strategy, and thus the more uniform the packaging, and marketing activity, the greater the cost savings that will be realized.

Power and Scope

Consumers may appreciate a global brand more, believing that a brand sold throughout the world shows the expertise of the manufacturer and the acceptance of many diverse markets.

Ability to Leverage Good Ideas Quickly and Efficiently

Globalization can result in increased sustainability and make it easier for marketers to develop new ideas.

Uniformity of Marketing Practices

A standardized global marketing program can give the brand greater control over how it is marketed in different countries.

Ask yourself: Think of a brand that is marketed in several countries and has a standardized marketing program. What marketing strategies were used to allow the brand to appeal to different cultures with a uniform marketing campaign?

DISADVANTAGES OF GLOBAL MARKETING (Pages 596-599)

Standardized global marketing programs can have its disadvantages as well, as shown in **Figure 14-2 (Page 596)**. A standardized marketing program often ignores fundamental differences between various countries and cultures.

Differences in Consumer Needs, Wants and Usage Patterns for Products

Due many factors, consumer behavior across different countries differs in many ways, thus product strategies might not always work from country to country. See **Figure 14-3 (Page 597)**.

Differences in Consumer Response to Marketing Mix Elements

Consumers in different parts of the world react differently to marketing activity—US consumers are more cynical toward advertising, while Japanese consumers view it much more positively, for example.

Differences in Brand and Product Development and the Competitive Environment

Based on geographic region, consumer perceptions of brands can vary greatly, and even more so based on what stage of its life cycle the product might be in that area. (See **Figure 14-4 (Page 598).**

Differences in the Legal Environment

The constantly changing legal restrictions in different countries can pose other problems for marketers.

Differences in Marketing Institutions

The channels and practices of distribution, and media availability and costs may vary from country to country which can make it hard to implement the same marketing strategy.

Differences in Administrative Procedures

Local authorities may make it difficult for marketers to maintain the necessary control to implement a standardized marketing program.

Ask yourself: What brands do you think would be easiest to market globally with a standardized marketing program throughout different countries? Are there products that might appeal to different cultures in the same way, despite the differences mentioned above?

STANDARDIZATION VERSUS CUSTOMIZATION (Pages 599-603)

When expanding globally, marketers must consider whether or not, and how to standardize their marketing program across countries. Many firms are forced to tailor products and marketing programs to different national markets due to the cultural differences examined above.

Standardization *and* Customization

More and more, marketers are attempting to blend global and local marketing strategies. Read about the efforts made by Coca-Cola in **Branding Brief 14-3 (Pages 600-601).** This allows for a marketing program that maintains consistent brand positioning across borders, but leaves room for a different marketing program, or even brand name.

GLOBAL BRAND STRATEGY (Pages 603-607)

In order to target different market segments it's important to identify the differences in consumer behavior and adjust the branding program accordingly.

The Science of Branding 14-1 (Pages 604-605) shows the effect of the Iraq War on US companies abroad.

Global Customer-Based Brand Equity

In **Chapter 2** you learned the four steps to build customer-based brand equity, and the six brand building blocks required to achieve these steps. Here you will learn how to achieve this on a global level.

Creating Brand Salience

The order of product introduction will most likely vary from country to country, and can have a strong impact on consumer perception of the products and brand.

Crafting Brand Image

If the product does not vary much across markets, brand performance associations may not need to be different. However, brand imagery associations may be quite different, and it is extremely important to meaningfully refine the brand image across diverse markets.

Eliciting Brand Responses

It is crucial to craft the right brand image so that consumers will have positive brand judgments. Marketers must be careful to balance the types of emotional responses and brand feelings.

Cultivating Resonance

Consumers must have sufficient opportunities and incentives to buy and use the product, experience the brand and interact with the company and other consumers. This helps consumers develop an intense and active loyalty to the brand.

Global Brand Positioning

In order to discover the differences in consumer behavior and to adapt the marketing program accordingly, marketers must examine the brand positioning in each market. Make sure to examines the three questions to ask on **Page 607.**

BUILDING GLOBAL CUSTOMER-BASED BRAND EQUITY (Pages 607-625)

Here you will learn how to best build strong global brands. Take a look at the "Ten Commandments of Global Branding" in **Figure 14-5 (Page 607)**.

1. **Understanding Similarities and Differences in the Global Branding Landscape**

International markets vary on many levels, and require adjustments to almost every marketing program.

The differences in **developed versus developing markets** are so great that distinct marketing programs are often needed for each.

Due to development in communication and travel technologies, lifestyles are quickly becoming more similar among specific demographics across countries than they are within countries across sociodemographic segments.

2. Don't Take Shortcuts in Brand Building

It is still important to create brand awareness and a positive brand image in each country where the brand is sold. The sources of brand equity may vary from country to country and marketers must not take shortcuts and fail to build the necessary sources of brand equity in each country. A strong position in a domestic market does not necessarily transfer to a strong position in a foreign market, nor does a strong marketing program necessarily transfer well to another country. Read about the challenges of global brands entering the Indian market in **Branding Brief 14-4 (Pages 610-611).**

3. Establish Marketing Infrastructure

One factor that has awarded success to global brands has been their marketing infrastructure advantages, which often requires adaptation to capitalize on the existing marketing infrastructure in each country. Consistency in product quality and efficient production and distribution can play a key role in global success. **Figure 14-6 (Page 613)** presents some guidelines for international distribution.

4. Embrace Integrated Marketing Communications

Often marketers must embrace nontraditional forms of communication in markets that don't have the same advertising opportunities might be available in other countries. These other forms of advertising should still be consistent with the brand's overall positioning and heritage, although the creative strategies may have to differ. Each country has its own unique media challenges and opportunities. Sponsorship programs tend to be very popular outside of the US.

5. Cultivate Brand Partnerships

Brand partnerships can allow for access to distribution which might be otherwise hard to achieve. Look at the three ways to enter a new global market (**Page 615)** along with the three key criteria identified by Barwise and Robertson. **Figure 14-7 (Page 616)** shows the tradeoffs of these market entry strategies.

Some countries legally require companies to partner with a local company, in other cases companies choose to establish a joint venture with a corporate partner, or, finally, mergers or acquisitions take place to create a higher global profile. In **Branding Brief 14-5 (Page 617)** read about how Nestlé enters global markets.

6. Balance Standardization and Customization

Marketers must figure out how to include a balance of customized and standardized (local and global) elements in the marketing program. Take a look at the factors to be considered for each on **Page 618**. According to Ed Meyer, two key considerations in implementing a global marketing program are:

1. Market development and the competitive environment must be at similar stages from country to country. It is easier to standardize marketing for a product that is, for example, relatively new in each country where it is introduced.

2. Consumer target markets should be alike, and consumers should share the same desires, needs and uses for the products.

Consider the different types of products and how hard or easy they are to sell through standardized global marketing on **Pages 618-619.**

Product Strategy

Marketers who overlook differences in consumer behavior and forgo consumer research and market analysis when trying to globalize a brand often run into trouble. However product differences are not necessarily crucial for all countries. **Branding Brief 14-6 (Pages 620-621)** describes how UPS has adapted its service for the European market. Most companies agree that standardized international marketing programs only work with certain products, in certain places, at certain times.

Pricing Strategy

The value-pricing principle from **Chapter 5** still applies when designing a global pricing strategy. Consumer perceptions of the value of the brand, and their willingness and flexibility regarding how much they will pay are still key factors. Others are differences in distribution structures, competitive positions and tax and exchange rates. However, there is more and more pressure to align international pricing.

7. Balance Global and Local Control

Consider the three main approaches to organizing for a global marking effort on **Page 622.** Most firms combine centralization and decentralization to balance local adaptation and global standardization. Marketers must determine which elements of the marketing program can be standardized, and which will be adapted for which country. Many global companies divide their markets into a handful of regions, and seek a balance of global and local control. Firms often centralize advertising to lower costs and increase efficiency and control.

8. Establish Operable Guidelines

Brand definitions and guidelines must be fully understood by marketers in different regions. This way the brand's meaning is clear, and can be properly translated to satisfy local consumer preferences.

9. Implement a Global Brand Equity Measurement System

As you read in **Chapter 8,** with the help of a global brand equity measurement system, marketers can make the best tactical decisions in the sort run and strategic decision in the long run in all relevant markets. This might be challenging in countries where the marketing research infrastructure is lacking.

10. Leverage Brand Elements

It is crucial to have an appropriate brand design and implementation of brand elements that translates properly across borders to build global brand equity. **The Science of Branding 14-2 (Pages 626-627)** details some of the cultural differences that might be faced. Nonverbal brand elements tend to translate better, although even they can encounter problems. Many companies seek to create more uniform brand elements in order to standardize globally.

Ask yourself: Contrast Coke and McDonald's global branding strategies. How are they similar and how are they different? Why are they so well-respected?

Non-Graded Activities

Chapter Fourteen Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Five section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Five Discussion Question (Chapter Fourteen):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Pick a brand marketed in more than one country. Assess the extent to which the brand is marketed on a standardized vs. customized basis.**

(Note: Your instructor will post the question to the Week Five Weekly Discussion Question Forum)

CHAPTER FIFTEEN

Closing Observations

KEY LEARNING POINTS

What You Will Learn

The key learning points of this chapter are:

- Review the concept of the customer-based brand equity framework.
- Review the strategies for building, measuring and managing brand equity
- Understand the guidelines for marketing less conventional types of products
- Consider the issues of marketing and managing brand equity in the future

This chapter will review many of the points addressed in the previous chapters. It will summarize success factors for branding, and look at strategic brand management issues, and will finish by considering the future of branding.

STRATEGIC BRAND MANAGEMENT GUIDELINES (Pages 636-642)

Summary of Customer-Based Brand Equity Framework

This section reviews the customer-based brand equity framework. Make sure that you understand the following terms and concepts:

-Brand awareness

-Brand image

-Sources of brand equity (and the key factors related to brand association) (See **Figure 15-1 on Page 637)**

-Outcomes of brand equity

Tactical Guidelines

This section reviews how to build, measure and manage brand equity. Make sure you understand the following:

-The three major ways to build brand equity (See **Figures 15-2 and 15-3 (Page 638 and 639**)

-How to measure brand equity

-Brand equity measurement system (See **Figure 15-4)**

-How to manage brand equity, taking into consider a long-term perspective, different market segments, and geographic boundaries. (See **Figures 15-5 and 15-6 (Pages 641 and 642)**

WHAT MAKES A STRONG BRAND? (Pages 642-644)

This section reviews what marketing managers must do in order to create a strong brand and maximize brand equity. Read the list on **Page 642. Branding Brief 15-1 (Page 644-645)** describes how Procter & Gamble had adapted its marketing processes in recent years. **Figure 15-7 (Page 643)** highlights some of the common branding mistakes marketers might make. Make sure you understand these "sins," detailed on **Pages 642-643**.

Ask yourself: Think of a brand that has failed. Which of the "seven deadly sins" did it commit? What other errors might it have made, and what would you have done differently if you had been the marketer?

SPECIAL APPLICATIONS (Pages 644-666)

This section reviews some of the issues faced by less conventional types of products.

Industrial and Business-to-Business Products

These products often call of different branding practiced, as outlined in **Figure 15-8 (Page 646)** and described fully on **Pages 645-649.** Read about how Siemens has attempted to create a strong corporate industrial brand in **Branding Brief 15-2 (Pages 646-647).**

Figure 15-9 (Page 648) shows some nontraditional marketing strategies for a business-to-business market.

High-Tech Products

These products change rapidly over time because of innovations and breakthroughs, giving them only a short life cycle. This causes several branding implications, guidelines for which can be seen in **Figure 15-10 (Page 649)** Make sure you read the detailed explanations of these guidelines on **Pages 649-652.** Take a look at **Branding Brief 15-3 (Pages 650-651)** to read about Cisco's branding developments.

Services

Service branding has become much more sophisticated over the years. Read and understand the guidelines discussed on **Pages 652-655**, outlined in **Figure 15-11 (Page 653).** Singapore Airlines has been especially successful as you will see in **Branding Brief 15-4 (Pages 652-653).**

Figure 15-12 (Page 654) lists 10 recommendations that could be essential for improving service quality.

Retailers

This section reviews how retailers and other channel intermediaries can affect brand equity. On **Pages 656-660** you can explore some helpful guidelines for building brand equity for a retailer (see **Figure 15-13** on **Page 657)**. **Branding Brief 15-5 (Pages 656-657)** examines the example of the U.K. retailer, Tesco.

Small Businesses

Due to limited resources and budgets, building brands for small businesses can be challenging. Focus and consistency is very important in their marketing programs, as is creativity, since finding new ways to market the product is key. Learn about how small brands can compete with big ones in **The Science of Branding 15-2 (Page 661)**. The guidelines that are explained in the section (**Pages 660-663)** are outlined in **Figure 15-14 (Page 660)**. Read about how a small coffee brand succeeded in **Branding Brief 15-6 (Pages 662-663).**

Online

The guidelines for the aforementioned products apply to online products as well, but because the creation of an online brand can be challenging, there are several extra guidelines that should be enforced. Read about them on **Pages 663-666,** and see **Figure 15-5 (Page 664).** In **Branding Brief 15-7 (Pages 664-655)** you will learn about how MySpace built a very strong online brand.

Ask yourself: Think of a product in one of the above-mentioned categories that you use. What marketing strategies are employed? What inspired you to purchase the brand?

FUTURE BRAND PRIORITIES (Pages 666-673)

This section considers how branding will change in the coming years, what challenges will arise and what will make a successful future brand.

Building Brand Equity

Brand Elements

As the marketplace becomes more cluttered, the importance of brand elements increases, as they cause a brand to stand out from amongst its competitors. Possible changes in branding principles that may occur are the means of creating strong brands. With increased technical abilities marketers will be able to create new, innovative brand elements that capture consumer attention.

Marketing Programs

The strongest future brands will better understand the needs and wants of consumers, and create marketing programs that fulfill or even surpass consumer expectations.

Measuring Brand Equity

The marketers of successful future brands will develop brand equity measurement approaches that will allow them to develop a greater understanding of the effects of their marketing actions on their sources and outcomes of brand equity.

Managing Brand Equity

It will be crucial for future brands to align internal and external brand management**. Internal brand management** ensures that employees and marketers understand the brand and how they affect its equity. **External brand management** ensures that the needs and wants of consumers is understood, and that their expectations are met, if not surpassed, by the marketing programs.

Companies must align bottom-up and top-down marketing management. **Bottom-up brand management** focuses on the brand equity of individual products in specific markets, while **top-down management** captures the bigger picture, and recognizes possible common points across products and markets to brand products accordingly. Successful brands will blend these two approaches.

Achieving Marketing Balance

The most fundamental challenge of marketing and brand management is dealing with the potential tradeoffs in marketing decisions. Look at the list of possible tradeoffs in **Figure 15-16 (Page 669)**. Make sure to read about the three means of achieving marketing balance (**alternate, divide, finesse, Page 669)**.

Read about Aaker's Brand Equity Model in **The Science of Branding 15-2 (Pages 670-672). The Science of Branding 15-3 (Page 673)** outlines Scott Bedbury's Eight Branding Principles.

Ask yourself: What do you see as the future of branding? How will the role of brands change? What challenges will arise?

Non-Graded Activities

CHAPTER FIFTEEN

Chapter Fifteen Practice Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Five section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Week Five Discussion Question (Chapter Fifteen):

The purpose of the discussion question is to allow you as the Learner to demonstrate your understanding of the chapter's key learning points and how you might apply them in given situation. Participating in the discussion question forum provides you as the Learner an opportunity to compare your ideas to ideas from others in your class.

Instructions: Using the chapter's key learning points, provide your answer to the questions below.

> **Pick one of the special applications and choose a representative brand within that category. How well do the five guidelines apply? Can you think of others not listed?**

(Note: Your instructor will post the question to the Week Five Weekly Discussion Question Forum)

UNIT FIVE ASSIGNMENTS

Unit Five Exam

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Five section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

Unit Five Case Analysis

Read *Managing Global Nestle Brands* starting on page 617. This story raises the following questions:

- What marketing strategies did Nestle use as to attain global success?
- Do you think the decentralized management approach in foreign markets is the best way to accommodate different cultures and consumer behavior? Why or why not?

Address the above questions using a 3 to 5 page paper (1000 to 1500 words) in APA format. Below is a recommended outline.

1. Cover page (See APA Sample paper)
2. Introduction
    a. A thesis statement
    b. Purpose of paper
    c. Overview of paper
3. Body (Cite sources with in-text citations.)
4. Conclusion – Summary of main points
    a. Lessons Learned and Recommendations
5. References – List the references you cited in the text of your paper according to APA format.
    a. (Note: Do not include references that are not cited in the text of your paper)

GRADING

Your instructor will provide a grading rubric to evaluate your paper. Please see the Instructor Syllabus and Policies for details.

UNIT SIX

Non-Graded Activities

Unit Six is an optimal time for students to review each course assignment and reflect on key learning points.

In this final week of the course, you are required to do the following:

- Respond to the Week Six Discussion Question.
- Complete the end of course survey
- Download and save the study guide
- Complete the Final Exam
- Complete and submit the Course Project

Week 6 Discussion Question

What are the key lessons that you learned in this course?

Why are these lessons important to you?

Your instructor will post the following discussion questions to the Week Six Discussion Question forum.

End of Course Survey

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Six section. Click on the end of course survey link to document your feedback regarding the strengths and areas for improvement for this course.

UNIT SIX ASSIGNMENTS

Final Exam:

Log into the CalUniversity Learn Center and enter this specified course. Once in the course, scroll down to the Week Six section. Select the available activities that may include Practice Exams, Unit Exams and Assignments.

WEEK 6 PROJECT

Choose one of the following options:

Option 1 – Web Research

Conduct an Internet search to find companies noted for best practices in marketing and brand management. Describe what these best-practice companies do in the field of marketing and brand management. What are the similarities across companies? Describe any major differences. Critique the best practices. State how you would implement the best practices in your organization.

Submit your project in APA format with at least three in-text references. Length: 5 pages (excluding cover and reference pages)

Option 2 – Organization Comparison

Identify two organizations with different marketing and brand management processes. Describe these differences. Indicate how the marketing and brand management strategies of these companies might be similar or different. Provide a rationale for your conclusions using relevant concepts from the text and peer reviewed articles.

Submit your project in APA format with at least three in-text references. Length: 5 pages (excluding cover and reference pages)

Option 3 – Create your own project.

This option provides an opportunity for you to create your own project based on the end of program capstone/dissertation. The project must include the learning objectives of the current course. This option requires the instructor's approval.

Submit your project in APA format with at least three in-text references. Length: 5 pages (excluding cover and reference pages)

Once you have finalized and completed your chosen project, click on the following link to submit the Course Project.

COURSE PRESENTATION

Choose a topic that is related to one or more of the Course Objective.

Describe the topic.

State the purpose and the importance of the course topic.

Provide an overview of the presentation.

Create 5 to 6 PowerPoint slides of the content of the topic using 3 to 5 bullets per slide.

Include speaker notes of the presentation.

Note: You could create a live presentation (such as via YouTube) and provide a link to the presentation.