

The origin of brands

- Brand: derived from the old Norse word “brandr” which means “to burn.”
- “name, term, sign, symbol, or design, or a combination of them intended to identify the goods or services of one seller or group of sellers and to **differentiate** them from those of the competition” (American Marketing Association)

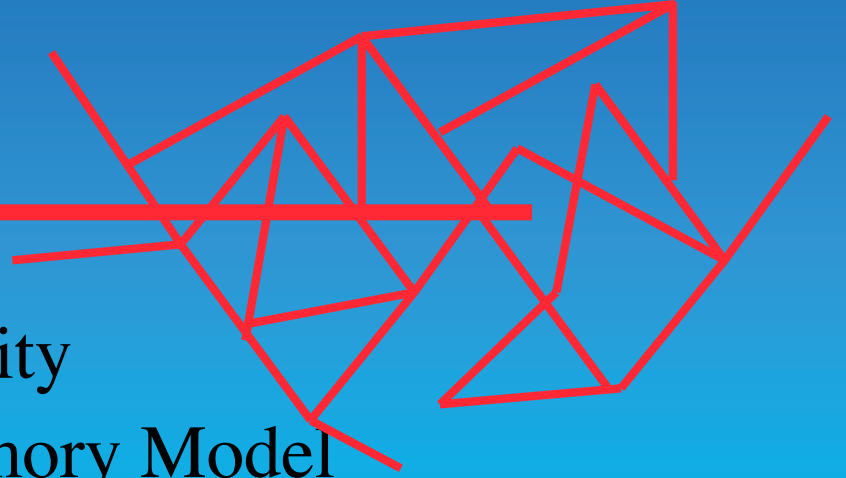
Why do Brands Matter?

Brands impact how we experience products

More terms

- Positioning is the art of creating a position for a product in the mind of the consumer, setting the product apart from others.
- Brand is a symbol which identify goods in a differentiated way (a shortcut)
- Private labels are brands that are owned by the merchant
- Brand extensions are strategic linkages to existing brands

Brand Knowledge



- Key to creating brand equity
- Associative Network Memory Model
 - network of nodes and links
 - nodes: stored information or concepts
 - links: strength of the association between nodes
- Association:
 - Attributes, product related, not product related

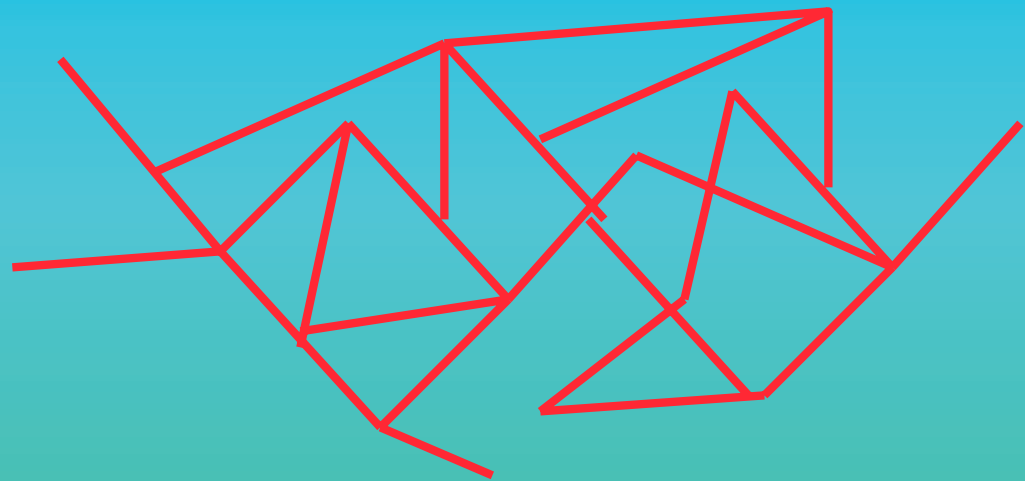
Brand extensions

- Brand extensions

- What is it
- When
- Why

- Depends on fit

- With network



Benefits from Brand Equity

- Less Vulnerability to marketing mistakes
- Increased Customer Loyalty
- Greater Trade Cooperation and Support
- Ability to attract better employees
- Increased visibility in the stock market

Some branding facts I

- Estimated brand cost of P&G is \$725 per family
- In a survey in 1995 of cellular phones reputation:
 - #1 Cellular1
 - #2 AT&T
- Electronic writing pads
 - Cross & IBM

Some branding facts II

- What is the image of Campbell soup
 - Liquid orange ≠ Prego ≠ Godiva
- What is the image of Clorox bleach
 - Clean sterile ≠ Hidden Valley salad dressing
- Visa/MasterCard logo is worth about %15

Some branding facts III

- Store brands (private label)
 - Looks very much a like
 - ✓ Crystal Light drink
- President choice
 - Private label sold to one one chain per city

Branding Questions I

- What is in a name
 - Will Shakespeare
- Are there instances where products cannot be branded?
- Any changes with e-commerce?
 - Brands more or less important?
 - Who will own the brands?

Branding Questions II

- Why do manufacturers that don't sell end-products care about brands
 - Intel
 - Medical companies
 - IBM (for a large part)
 - Pratt & Whitney

Marketing basics:

- Understanding consumer behavior requires a grasp of the phenomena/effects, a way to measure them, and marketing actions to influence the consumer
 - Branding is no exception

Consumer Behavior

Understanding consumer behavior requires a grasp of the phenomena/effects, a way to measure them, and marketing actions to influence the consumer

Marketing Actions

Measures

Consumer Behavior

And if

Marketing Actions

we don't?

Measures



Meet Sergio Zyman



Major flop #1



Step 1. Coca-cola blind-tested the taste of Coke



Step 2. Coca-cola introduced New Coke

**Coca-cola did not understand
consumer behavior issues related to
branding well enough to realize that
what it was measuring was not the
prime reason people choose Coke!**

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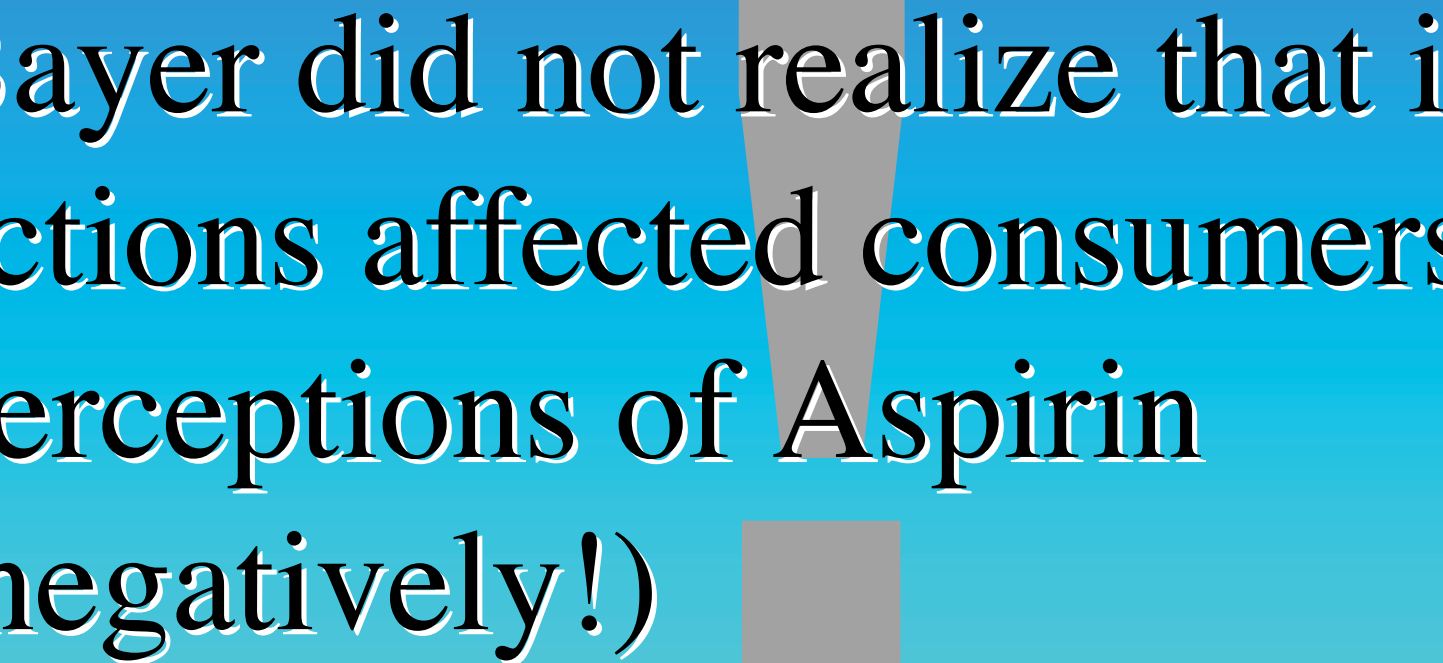
Very accurate
measurement of
the wrong thing

Major flop #2

**Bayer Introduces Bayer
Non-Aspirin**



**Customers switch from
Aspirin to Tylenol**



Bayer did not realize that its
actions affected consumers'
perceptions of Aspirin
(negatively!)

Summary I

- The basic function of a brand is to provide information (about some type of risk).
- Brands don't always conveying veridical information
 - Sometimes marketers can try to educate consumer
 - Sometimes just give up

Summary II

- When thinking of a branding strategy one must ask:

- What does the consumer see as the significance of brand?
- What risks does the consumer see?
- What information does the consumer needs?
- Who should brand and own the brand?