

# STRATEGIC BRAND MANAGEMENT

## PART -2

Prepared By

**Dr. M Samir Gopalan**

**Indus Institute of Management Studies**

**Indus University**



## STRATEGIC BRAND MANAGEMENT

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# **PART 2: BRAND PLANNING**

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## **Introduction**

Brand management is considered to be very important but interesting subject in management. After going through this part you will certainly feel confident enough about the subject.

In this parts the whole content has been divided into three chapters. Chapter 1 discusses brand planning and Building, chapter 2 discusses the Strategic Brand Management Process whereas the chapter 3 discusses Building Brand Portfolios. The unit discusses about the brand planning and building. This unit explains how can we build the brand and how can we do planning about the brand and more important is it explains the importance of brands. The second unit discusses the brand management process, which discusses about the brand management process and the last unit discusses about how to build brand portfolios. So in this way this reader is going to be benefited a lot through this part of notes.

## **Objective**

**After learning this, you will be able to understand:**

- Customer-Based Brand Equity.
- Tools that help Brand Planning.
- Giving brand an identity.
- Brand Management Process.
- Brand Associations and its types.
- Various philosophies of Branding.

## **Structure**

**Lesson 4: Brand Planning and Building**

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## **LESSON 4: BRAND PLANNING AND BUILDING**

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### **4.0 Learning Objectives**

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**After learning this chapter, you will be able to understand:**

- The Concept of Customer-Based Brand Equity.
- Building Customer-Based Brand Equity.

- Tools to Facilitate Brand Planning.
- Designing Brand Identity.

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## 4.1 Introduction

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A brand is a name, term, design, or other feature that distinguishes one seller's product from those of others. Brands are used in business, marketing, and advertising. Initially, livestock branding was adopted to differentiate one person's cattle from another's by means of a distinctive symbol burned into the animal's skin with a hot branding iron. A modern example of a brand is Pepsi which belongs to PepsiCo Inc.

Brand building is an integral aspect of personal and business development. It not only increases the voice and consumer awareness of a brand, but it also gives it an identity and worth. The advent of participatory and interactive platforms has given many businesses the chance to enhance brand awareness and equity. If you have been thinking of building a personal or business brand, then it is important for you to know that brand building takes a great deal of time and resources. In the section that follows, we shall define brand building and also look at different types of brands and the steps to create a successful brand.

There is no one definition that actually captures the essence of brand building in its entirety. Many people think that brand building is all about communicating and exposing your brand. That is just one side of it. The best way we can define it is that it is a process of creating value to consumers. It encompasses all things that consumers know, feel, and experience about your business in its entirety.

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## 4.2 The Concept of Customer-Based Brand Equity

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Two questions often arise in brand marketing: What makes a brand strong? and how do you build a strong brand? To help answer both, we introduce the concept of customer-based brand equity (CBBE). Although a number of useful perspectives concerning brand equity have been put forth, the CBBE concept provides a unique point of view on what brand equity is and how it should best be built, measured, and managed.

The CBBE concept approaches brand equity from the perspective of the consumer, whether the consumer is an individual or an organization or an existing or prospective customer. Understanding the needs and wants of consumers and organizations and devising products and programs to satisfy them are at the heart of successful marketing. In particular, marketers face two fundamentally important questions: What do different brands mean to consumers? And how does the brand knowledge of consumers affect their response to marketing activity?

The basic premise of the CBBE concept is that the power of a brand lies in what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time. In other words, the power of a brand lies in what resides in the minds and hearts of customers. The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and experiences become linked to the brand.

We formally define customer-based brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer-based brand equity when consumers react more favourably to a product and the way it is marketed when the brand is identified than when it is not (say, when the product is attributed to a fictitious name or is unnamed). Thus, customers might be more accepting of a new brand extension for a brand with positive customer-based brand equity, less sensitive to price increases and withdrawal of advertising support, or more willing to seek the brand in a new distribution channel. On the other hand, a brand has negative customer-based brand equity if consumers react less favourably to marketing activity for the brand compared with an unnamed or fictitiously named version of the product.

The simplest way to illustrate what we mean by customer-based brand equity is to consider one of the typical results of product sampling or comparison tests. In blind taste tests, two groups of consumers sample a product: one group knows which brand it is, the other doesn't. Invariably, the two groups have different opinions despite consuming the same product. These branding effects occur in the marketplace too. For example, at one time, Hitachi and General Electric (GE) jointly owned a factory in England that made identical televisions for the two companies. The only difference was the brand name on the television. Nevertheless, the Hitachi televisions sold for a \$75 premium over the GE televisions. Moreover, Hitachi sold twice as many sets as GE despite the higher price.



When consumers report different opinions about branded and unbranded versions of identical products—which almost invariably happens—it must be the case that knowledge about the brand, created by whatever means (past experiences, marketing activity for the brand, or word of mouth), has somehow changed customers' product perceptions. This result has occurred with virtually every type of product—conclusive evidence that consumers' perceptions of product performance are highly dependent on their impressions of the brand that goes along with it. In other words, clothes may seem to fit better, a car may seem to drive more smoothly, and the wait in a bank line may seem shorter, depending on the particular brand involved.

### **Brand Equity as a bridge**

Thus, according to the customer-based brand equity concept, consumer knowledge drives the differences that manifest themselves in terms of brand equity. This realization has important managerial implications. For one thing, brand equity provides marketers with a vital strategic bridge from their past to their future.

#### **Check your progress 1**

1. The concept approaches brand equity from the perspective of the consumer.
  - a. CBBE
  - b. customer-based brand equity
  - c. both a and b
2. What we mean by \_\_\_\_\_ is to consider one of the typical results of product sampling or comparison tests.
  - a. consumer knowledge
  - b. customer-based brand equity
3. The power of a brand lies in what resides in the minds and hearts of \_\_\_\_\_.
  - a. customers
  - b. Market

4. We formally define customer-based brand equity as the differential effect that \_\_\_\_\_ has on consumer response to the marketing of that brand.
  - a. brand knowledge
  - b. market
5. \_\_\_\_\_ provides marketers with a vital strategic bridge from their past to their future.
  - a. brand equity
  - b. brand knowledge

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### **4.3 Building Customer-Based Brand Equity**

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Building a strong brand is the goal of many organizations. Building a strong brand with significant equity is seen as providing a host of possible benefits to a firm, including greater customer loyalty and less vulnerability to competitive marketing actions and marketing crises, larger margins as well as more favourable customer response to price increases and decreases, greater trade or intermediary cooperation and support, increased marketing communication effectiveness, and licensing and brand-extension opportunities.

With this keen interest in brand building, two questions often arise:

1. What makes a brand strong? and
2. How do you build a strong brand?

To help answer both of these questions, this paper develops a model of brand building called the Customer-Based Brand Equity model. Although a number of useful perspectives concerning brand equity have been put forth, the Customer-Based Brand Equity model provides a unique perspective on what brand equity is and how it should best be built, measured, and managed. The development of the Customer-Based Brand Equity model was driven by three goals. First, the model had to be logical, well-integrated, and grounded. The model needed to reflect state-of-the-art thinking about branding from both an academic and industry point of view. Second, the model had to be versatile and applicable to all possible kinds of brands and industry settings. As more diverse applications of branding continued to emerge for products, services,

organizations, people, places, and so forth, the model needed to have far-ranging relevance. Third, the model had to be comprehensive with enough breadth to cover important branding topics as well as enough depth to provide useful insights and guidelines. The model needed to help marketers set strategic direction and inform their brand-related decisions. With this broad set of objectives in mind, the Customer-Based Brand Equity model was developed. The basic premise of the model is that the power of a brand lies in what customers have learned, felt, seen, and heard about the brand overtime. In other words, the power of a brand resides in the minds of customers. The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and so on become linked to the brand. The remainder of the paper outlines in detail how this –brand knowledgell should be created and how the brand-building process should be handled.

### **The Four Steps of Brand Building**

Building a strong brand, according to the Customer-Based Brand Equity model, can be thought of in terms of a sequence of steps, in which each step is contingent upon the successful completion of the previous step. All steps involve accomplishing certain objectives with customers, both existing and potential. The first step is to ensure identification of the brand with customers and an association of the brand in customers’ minds with a specific product class or customer need. The second step is to firmly establish the brand meaning in the minds of customer’s by strategically linking a host of tangible and intangible brand associations. The third step is to elicit the proper customer responses to this brand identity and brand meaning. The fourth and final step is to convert brand response to create an intense, active loyalty relationship between customers and the brand.

These four steps represent a set of fundamental questions those customers in variably ask about brands, implicitly if not explicitly:

Who are you? (brand identity)

What are you? (brand meaning)

What about you? What do I think or feel about you? (brand responses)

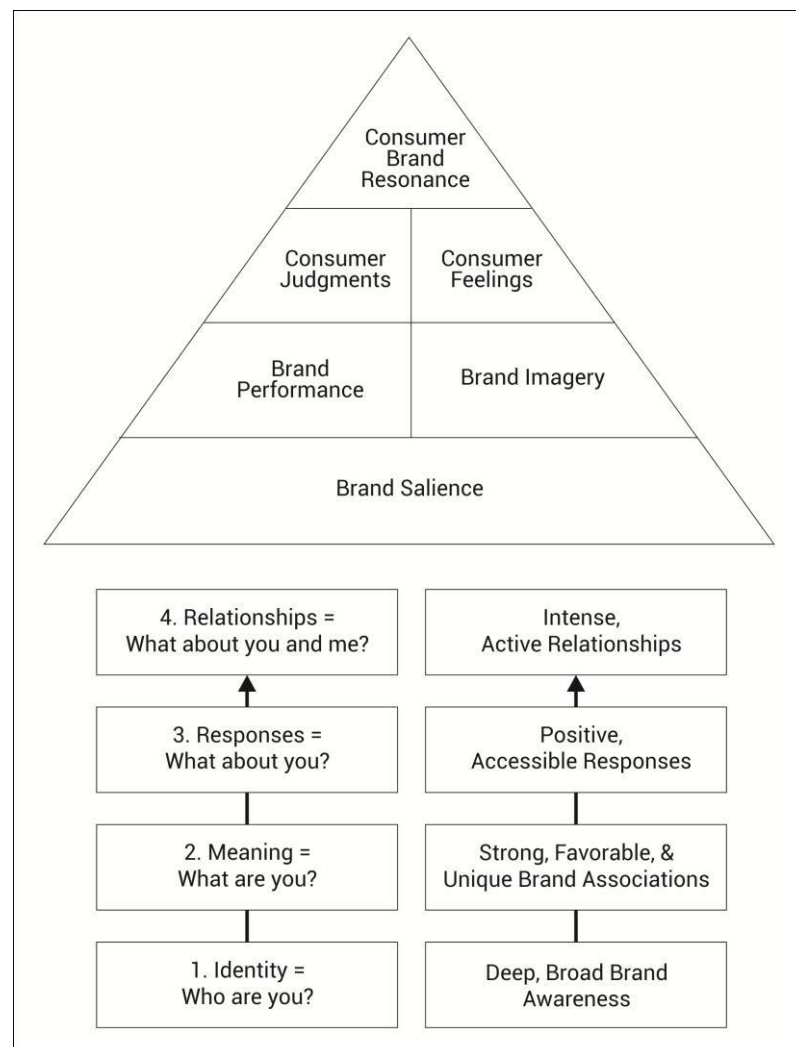
What about you and me? What kind of association and how much of a connection would I like to have with you? (brand relationships)

There is an obvious sequence in this –branding ladder,|| that is, meaning cannot be established unless identity has been created; responses cannot occur

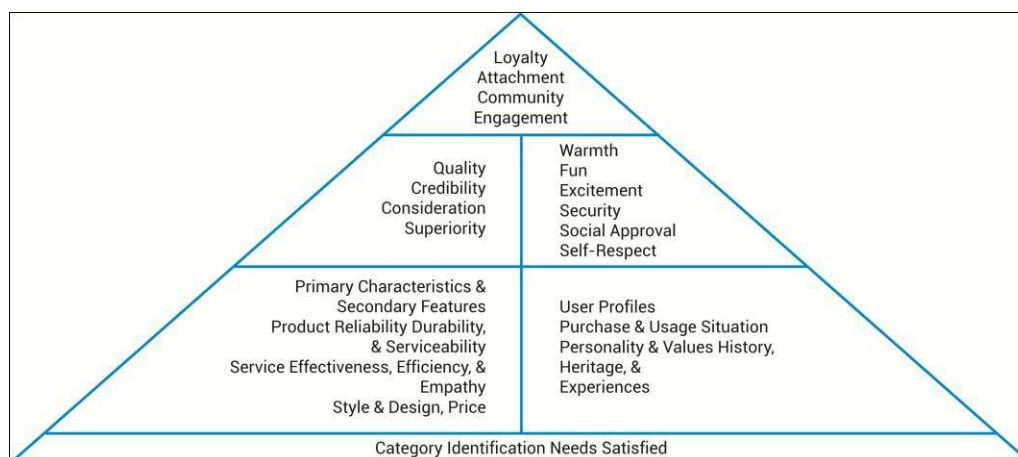
unless the right meaning has been developed; and a relationship cannot be forged unless the proper responses have been elicited.

**Brand building blocks**

Enacting the four steps to create the right brand identity, brand meaning, brand responses, and brand relationships are a complicated and difficult process. To provide some structure, it is useful to think of six -brand-building blocks to accomplish the four steps necessary to create a strong brand. To connote the sequencing involved, these building blocks can be assembled as a brand pyramid. Creating significant brand equity involves reaching the pinnacle of the pyramid and will only occur if the right brand-building blocks are in place. The corresponding brandsteps represent different levels of the pyramid as illustrated in Figure 1.1 Figure 1.2 examines each of the building blocks in detail.



**Fig 4.1 Customer-Based Brand Equity Pyramid**



**Fig 4.2 Customer-Based Brand Equity Pyramid**

### Check your progress 2

1. The \_\_\_\_\_ provides a unique perspective on what brand equity is.
  - a. Marketing
  - b. Customer-Based Brand Equity model
2. The first step is to ensure identification of the brand with \_\_\_\_\_.
  - a. customers
  - b. Market
3. The second step is to firmly establish the \_\_\_\_\_ in the minds of customers.
  - a. Brand meaning
  - b. Brand image
4. The final step is to convert brand response to create an intense, active loyalty relationship between \_\_\_\_\_ and the brand.
  - a. market
  - b. customers
5. The third step is to elicit the proper customer responses to this brand identity and brand meaning.
  - a. fourth
  - b. third

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## 4.4 Three Tools to Facilitate Brand Planning

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The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Brand planning uses the following three interlocking models.

1. **The brand positioning model** - describes how to guide integrated marketing to maximize competitive advantages.
2. **The brand resonance model** - describes how to create intense, activity loyalty relationships with customers.
3. **The brand value chain** - is a means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments.

### 4.4.1 Brand Positioning Model

It describes how to establish competitive advantages via points of difference (associations unique to the brand that are also strongly held and favourably evaluated by consumers) and points-of-parity (associations shared with other brands that are designed to negate competitors' points-of-difference, overcome perceived vulnerabilities of the brand, or establish category credentials).

### 4.4.2 Brand Resonance Model

It considers how intense, active loyalty relationships are created with customers. The basic premise is that building a strong brand requires a series of steps as part of a -branding ladder and a set of logically constructed -brand building blocks. Brand resonance occurs when consumers feels completely -in synch with the brand. The second level of the model is where the output from the brand positioning model appears, in terms of which points-of-parity and points-of-difference are to be created with which performance and/or imagery associations.

### 4.4.3 Brand Value Chain Model

It describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments. The model examines four different stages in the value creation process for a brand. It considers how marketing activities affect the customer mind-set—as measured by all the building

blocks in the brand resonance model which, in turn, creates various marketplace outcomes and ultimately shareholder value.

The specific components of these three models are not as important as their purpose and scope. The models can both assist planning and measurement, and they can capture a full range of marketing activities for any type of brand. In particular, by tracing the effects of marketing activities through the customer mind-set, and on to various marketplace outcomes such as price premiums, loyalty, sales, market share and profitability, marketers can gain a clearer picture of how well their marketing is doing and why.

### Check your progress 3

1. The \_\_\_\_\_ describes how to create intense, active loyalty relationships with customers.
  - a. brand resonance model
  - b. brand value chain
2. The \_\_\_\_\_ is a means to trace the value creation process for brands.
  - a. brand value chain
  - b. brand positioning model
3. The \_\_\_\_\_ describes how to guide integrated marketing to maximize competitive advantages.
  - a. brand positioning model
  - b. brand value chain
4. \_\_\_\_\_ considers how intense, active loyalty relationships are created with customers.
  - a. brand value chain
  - b. brand resonance model
5. \_\_\_\_\_ describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments.
  - a. brand resonance model
  - b. The brand value chain model

## 4.5 Designing Brand Identity

Achieving the right brand identity means creating brand salience with customers. Brand salience measures various aspects of the awareness of the brand and how easily and often the brand is evoked under various situations or circumstances. To what extent is the brand top-of-mind and easily recalled or recognized? What types of cues or reminders are necessary? How pervasive is this brand awareness? We've said that brand awareness refers to customers' ability to recall and recognize the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory. In particular, building brand awareness helps customers understand the product or service category in which the brand competes and what products or services are sold under the brand name. It also ensures that customers know which of their needs the brand through these products is designed to satisfy. In other words, what basic functions does the brand provide to customers?

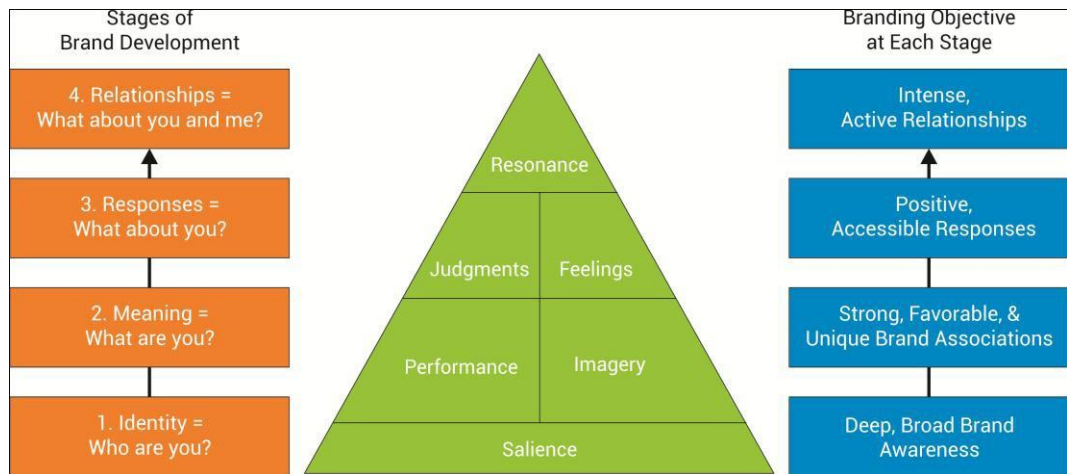
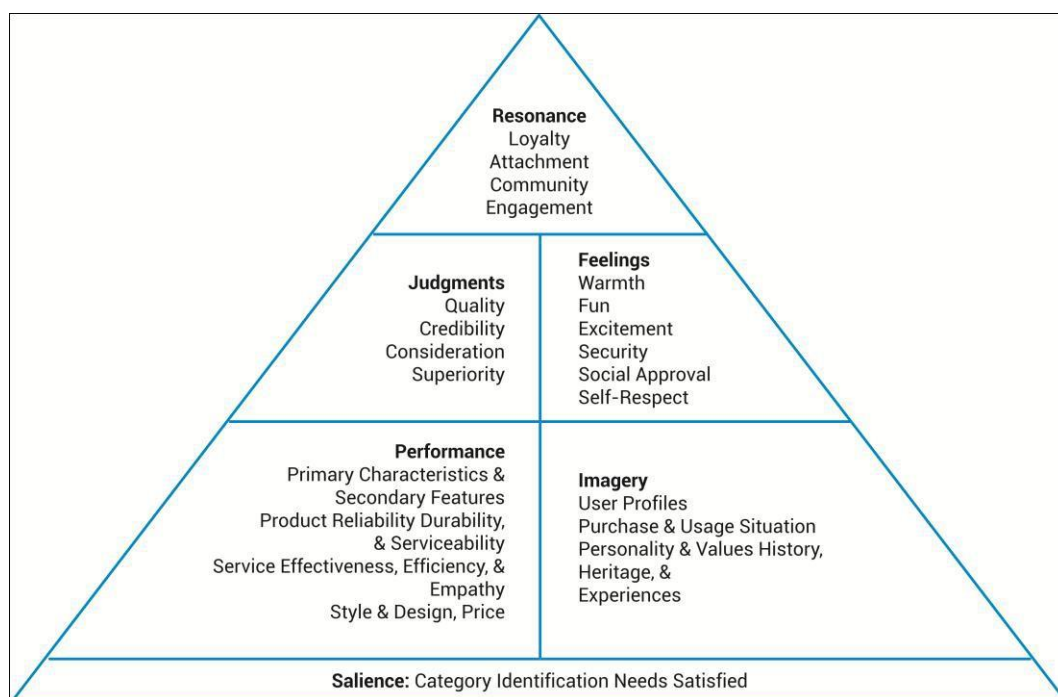


Fig 4.3 Brand Resonance Pyramid





**Fig 4.4 Sub dimensions of Brand Building Blocks**

### **Breadth and Depth of Awareness**

Brand awareness thus gives the product an identity by linking brand elements to a product category and associated purchase and consumption or usage situations. The depth of brand awareness measures how likely it is for a brand element to come to mind, and the ease with which it does so. A brand we easily recall has a deeper level of brand awareness than one that we recognize only when we see it. The breadth of brand awareness measures the range of purchase and usage situations in which the brand element comes to mind and depends to a large extent on the organization of brand and product knowledge in memory. To see how this works, consider the breadth and depth of brand awareness for Tropicana orange juice.

### **The Tropicana Case**

Consumers should at least recognize the Tropicana brand when it is presented to them. Beyond that, consumers should think of Tropicana whenever they think of orange juice, particularly when they are considering buying orange juice. Ideally, consumers would think of Tropicana whenever they were deciding which type of beverage to drink, especially when seeking a —tasty but healthy beverage. Thus, consumers must think of Tropicana as satisfying a certain set of needs whenever those needs arise. One of the challenges for any provider of

orange juice is to link the product to usage situations beyond the traditional one of breakfast hence the industry campaign to boost consumption of Florida orange juice that used the slogan –It’s Not Just for Breakfast Anymorell.



**Fig 4.5 The Tropicana Case**

### **4.5.1 Brand Touching points**

Every time the public, customer and employees experience your brand, trust and reputation is either created or destroyed through brand touch points.

Touch points are all the points your customer can come into contact with your brand. Controlling these touch points is critical to your brand's success. Your brand and its reputation is built in the mind of the customer by creating positive and motivating images, emotions and associations that are consistent in delivery creating a clear, focused image of your brand.

Understanding the power of touch points opens up new possibilities for building strong brands. They now become the hundreds of places to spark dialogue and build relationships with your customer.

Brand touch points are your brand's moment of truth and where your brand is truly created.

## **4.5.2 Branding Ideals**

Brand perception does matter. But what is more important is how you create and position that perception among your customers. Studies have shown that 75% of purchase decisions are based on emotion. The organizations that place value-over-price considerations to win hearts are usually armed with a well-defined, genuinely likeable brand. The benefits of defining your organization's values, voice, and market placement can include increased profits, and better customer and employee retention. Here are some effective ways to begin defining your organization, or jumpstart your current branding efforts:

### **1. Assume an identity**

Even if your product is similar to the store just across the street, you need to create a character that will make you unique amongst your competitors. So before you get everything else started, take the time to sit down, research, and brainstorm with your business partners (or with trusted friend and families, if you're flying solo) regarding the image you want to channel to the customers. Once you're convinced of an identity, stick with it.

### **2. Know your audience**

When done properly, this single piece of advice will build your business on a solid foundation. Your audience is one of the most important factors to consider when putting up a business simply because they are the ones who will buy your product.

Therefore, it is important that you familiarize yourself with your target market, so that you can tailor your products and services according to what they need and want. You can also look into more specific details, such as age groups, ethnicity, religion, and family background, as these other factors can also give you better insight on how you will market your product/service.

### **3. Identify your competition**

As they say, keep your friends close and your enemies closer. This doesn't mean though that you should declare war with your competitors. What you basically have to do is identify who your rivals in the market are, and then study their strengths and weaknesses. Look out for aspects that you can develop when applied to your own business and see if you can eliminate or at least minimize the flaws.

### **4. Design an ingenious logo**

Your logo may not be your business' be-all and end-all but it is the face of your brand, so you might as well make one that your audience will like and never forget. If you're not skilled at designing logos, you can hire a professional to do it for you. Just make sure that you incorporate your brand's message into the logo, be it with the font, colors, and overall format. Also, try to achieve a look that will make the logo as unique as possible.

### **5. Create a website**

Whether you're going to sell online or in a brick-and-mortar shop, it would help your business a lot if you create a website for it. This is an ideal place for you to showcase your products and interact with your customers easily. In your website, you can include information, such as the company's history, products, a gallery, and even order forms for convenient transactions. Just make sure that you keep it professional all the time, aesthetic- and content-wise.

There are tons of articles and videos that can walk you through on how to set up a website.

### **6. Blog regularly**

As an entrepreneur, part of your job is to keep your customers updated not just about your products but also of the industry in a level that they will understand and appreciate. Stemming from the tip above, you can accomplish these by regularly publishing blog posts on your website.

Write about your new products or relay to your customers the latest industry-related event you've attended through a short feature article. If your products require assembly or specific instructions, you can also make tutorials in video format to assist your customers even when they're not in the store. The idea here is to provide content that your customers will find highly useful and relatable.

## **7. Engage in social media**

The digital age affords today's customers the power to share anything they want in real time. Sharing can come in the form of posting on social media accounts whether they were satisfied or unhappy with an item they purchased.

To connect with your customer's better and learn what they think establish an active online presence by creating accounts on and exploring the features of the most popular social networking sites (e.g. Facebook and Twitter). Build your online community, and engage them in virtual conversations. This way, you'll get to know your customers more and improve your products/services based on their opinion.

## **8. Join related business events**

If you haven't attended any industry-related events since you opened for business, the next one in the calendar would be a good start. Once you're there, get to know other participants. Who knows? You might just pick up a thing or two on how to improve your business.

Continue attending any workshops you think would add to your skills and knowledge. You should also try to join committees or organizations to further your know how and experience as an entrepreneur.

## **9. Encourage feedback**

Your customers are the best judge of your products since they are the ones who take a chance on what you're selling. As such, it is always highly advisable to ask them for feedback, whether it's through your website, social networking sites, or the more traditional way of filling up printed forms. When they do, don't forget to thank them for their time. Some would even provide incentives (e.g. small freebies).

Remember that when asking for feedback, you always need to be courteous, even if you would come across some possible callous or downright negative comments.

## **10. Be consistent**

Sure, the world is fast changing especially in light of the evolution of technology. Keep in mind, however, that you should be consistent with your brand's message without sacrificing the need to keep up with the trends.

Once your brand is starting to gain a foothold, stick to that message so you won't confuse your customers. Also, instead of trying out every single strategy

available, you might find it more effective to focus on which ones gave you positive results and then develop them.

So if you're looking forward to being that store everybody talk's about because it's just plain awesome, jumpstart your business plan with a corresponding awesome brand. Which of these tips are you going to incorporate to your strategies? Leave a comment below and share your thoughts!

### **4.5.3 Branding Elements, Name, Logo and More**

Successful branding begins with a well-defined brand that is **RELEVANT** to your market. You might think that since you have a logo, tagline, and business card, you've completed your branding. But, unless you've carefully considered and defined **ALL** five of the key brand elements—position, promise, personality traits, story, and associations—you still have work to do.

And, until you've infiltrated your brand into every level of your organization and built the discipline of **CONSISTENCY** into every behavior, action, or communication—both internally and externally—you are not yet on the path to a successful brand strategy.

#### **Five Key Brand Elements:**

##### **1. Brand Position**

The Brand Position is the part of the brand that describes what your organization does and for whom, what your unique value is and how a customer benefits from working with you or your product/service, and what key differentiation you have from your competition. Once you've defined your brand position, make it available in 25, 50, and 100 word versions.

##### **2. Brand Promise**

The Brand Promise is the single most important thing that the organization promises to deliver to its customers—**EVERY** time. To come up with your brand promise, consider what customers, employees, and partners should expect from every interaction with you. Every business decision should be weighed against this promise to be sure that a) it fully reflects the promise, or b) at the very least it does not contradict the promise.

##### **3. Brand Personality**

Brand Traits illustrate what the organization wants its brand to be known for. Think about specific personality traits you want prospects, clients, employees,

and partners to use to describe your organization. You should have 4-6 traits (5 is ideal), each being a single term (usually an adjective).

#### 4. Brand Story

The Brand Story illustrates the organization's history, along with how the history adds value and credibility to the brand. It also usually includes a summary of your products or services.

#### 5. Brand Associations

Brand Associations are the specific physical artifacts that make up the brand. This is your name, logo, colors, taglines, fonts, imagery, etc. Your brand associations must reflect your brand promise, ALL of your brand traits, and support your brand positioning statement.

### Check your progress 4

1. Achieving the right brand identity means creating brand salience with \_\_\_\_\_.
  - a. products
  - b. customers
2. The\_ of brand awareness measures how likely it is for a brand element to come to mind.
  - a. depth
  - b. breadth
3. The\_ of brand awareness measures the range of purchase and usage situations in which the brand element comes to mind.
  - a. depth
  - b. breadth
4. \_\_\_\_ points are all the points your customer can come into contact with your brand.
  - a. Touch
  - b. Logo
5. Brand\_ does matter.
  - a. Perception
  - b. Logo

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## 4.6 Let Us Sum Up

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After going through this part we have learnt much about the brand building and we have known that brand building is an integral aspect of personal and business development. It not only increases the voice and consumer awareness of a brand, but it also gives it an identity and worth. The CBBE concept approaches brand equity from the perspective of the consumer, whether the consumer is an individual or an organization or an existing or prospective customer. Building a strong brand is the goal of many organizations. Building a strong brand with significant equity is seen as providing a host of possible benefits to a firm, including greater customer loyalty and less vulnerability to competitive marketing actions and marketing crises, larger margins as well as more favourable customer response to price increases and decreases, greater trade or intermediary cooperation and support, increased marketing communication effectiveness, and licensing and brand-extension opportunities.

So this unit is going to be of great help to the students of management in understanding the brand building process

The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Brand planning uses the following three interlocking models.

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## 4.7 Answers for Check Your Progress

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**Check your progress 1**

**Answers:** (1-a), (2-b), (3-a), (4-a), (5-a)

**Check your progress 2**

**Answers:** (1-b), (2-a), (3-a), (4-b), (5-b)

**Check your progress 3**

**Answers:** (1-a), (2-a), (3-a), (4-b), (5-b)

**Check your progress 4**

**Answers:** (1-b), (2-a), (3-b), (4-a), (5-a)



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## 4.8 Glossary

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1. **Brand Equity** - a set of brand assets that add to the value assigned to a product.
2. **Market Penetration** - the number of households within an area that purchased a product as a percentage of total households that bought in that product's category.

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## 4.9 Assignment

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Write a note on brand building process.

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## 4.10 Activities

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What do you understand by Customer based brand equity? Comment.

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## 4.11 Case Study

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Explain brand identity.

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## 4.12 Further Readings

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1. Marketing Management (Twelfth Edition) – Philip Kotler.
2. The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.
3. The 22 Immutable Laws of Branding – Al Ries and Laura Ries.
4. Positioning: The Battle for Your Mind - Al Ries and Laura Ries.
5. Marketing Warfare - Al Ries and Laura Ries.
6. Competitive Strategy – Michael E Porter.

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# LESSON 5: THE STRATEGIC BRAND MANAGEMENT PROCESS

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## Unit Structure

### 5.0 Learning Objectives

### 5.1 Introduction

### 5.2 The Elements of the Brand Management Process

5.2.1 Identifying and Establishing Brand Positioning and Values

5.2.2 Planning and Implementing Brand Marketing Programs

5.2.3 Measuring and Interpreting Brand Performance

5.2.4 Growing and Sustaining Brand Equity

### 5.3 Identifying Brand Associations

### 5.4 Types of Associations

### 5.5 Let Us Sum Up

### 5.6 Answers for Check Your Progress

### 5.7 Glossary

### 5.8 Assignment

### 5.9 Activities

### 5.10 Case Study

### 5.11 Further Readings

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## 5.0 Learning Objectives

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**After learning this unit, you will be able to understand:**

- The Elements of the Brand Management Process.
- Identifying Brand Associations
- Types of Associations

## 5.1 Introduction

The Strategic Brand Management process adds value to the company's products and services by creating a unique identity in the marketplace. It allows the company to differentiate itself from its competitors, and communicate its message and market position in a consistent and holistic manner.

## 5.2 The Elements of the Brand Management Process

Strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity. In this text, we define the strategic brand management process as having four main steps

1. Identifying and Establishing Brand Positioning and Values.
2. Planning and Implementing Brand Marketing Programs.
3. Measuring and Interpreting Brand Performance.
4. Growing and sustaining brand equity.

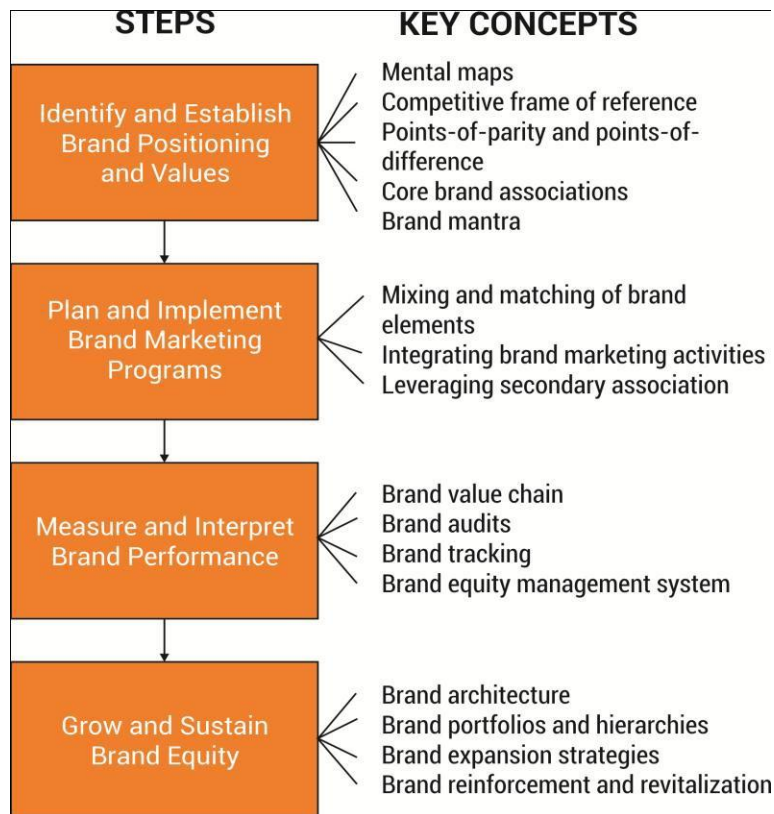


Fig 5.1 Strategic Brand Management Process

## 5.2.1 Identifying and Establishing Brand Positioning and Values

The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Brand planning, uses the following three interlocking models.

- The brand positioning model describes how to guide integrated marketing to maximize competitive advantages.
- The brand resonance model describes how to create intense, activity loyalty relationships with customers.
- The brand value chain is a means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments.

## 5.2.2 Planning and Implementing Brand Marketing Programs

Building brand equity requires properly positioning the brand in the minds of customers and achieving as much brand resonance as possible. In general, this knowledge building process will depend on three factors:

1. The initial choices of the brand elements making up the brand and how they are mixed and matched;
2. The marketing activities and supporting marketing programs and the way the brand is integrated into them and
3. Other associations indirectly transferred to or leveraged by the brand as a result of linking it to some other entity (such as the company, country of origin, channel of distribution, or another brand).

Some important considerations of each of these three factors are as follows.

**Choosing Brand Elements:** The most common brand elements are brand names, URLs, logos, symbols, characters, packaging, and slogans. The best test of the brand-building contribution of a brand element is what consumers would think about the product or service if they knew only its brand name or its associated logo or other element. Because different elements have different advantages, marketing managers often use a subset of the entire possible brand elements or even all of them.

**Integrating the Brand into Marketing Activities and the Supporting Marketing Program:** Although the judicious choice of brand elements can make some contribution to building brand equity, the biggest contribution comes from marketing activities related to the brand. This text highlights only some particularly important marketing program considerations for building brand equity.

**Leveraging Secondary Associations:** The third and final way to build brand equity is to leverage secondary associations. Brand associations may themselves be linked to other entities that have their own associations, creating these secondary associations. For example, the brand may be linked to certain source factors, such as the company (through branding strategies), countries or other geographical regions (through identification of product origin), and channels of distribution (through channel strategy), as well as to other brands (through ingredients or co-branding), characters (through licensing), spokespeople (through endorsements), sporting or cultural events (through sponsorship), or some other third-party sources (through awards or reviews). Because the brand becomes identified with another entity, even though this entity may not directly relate to the product or service performance, consumers may infer that the brand shares associations with that entity, thus producing indirect or secondary associations for the brand.

### **5.2.3 Measuring and Interpreting Brand Performance**

To manage their brands profitably, managers must successfully design and implement a brand equity measurement system. A brand equity measurement system is a set of research procedures designed to provide timely, accurate, and actionable information for marketers so that they can make the best possible tactical decisions in the short run and the best strategic decisions in the long run. Implementing such a system involves three key steps: conducting brand audits, designing brand tracking studies, and establishing a brand equity management system. The task of determining or evaluating a brand's positioning often benefits from a brand audit. A brand audit is a comprehensive examination of a brand to assess its health, uncover its sources of equity, and suggest ways to improve and leverage that equity. A brand audit requires understanding sources of brand equity from the perspective of both the firm and the consumer. Once marketers have determined the brand positioning strategy, they are ready to put into place the actual marketing program to create, strengthen, or maintain brand associations.

Brand tracking studies collect information from consumers on a routine basis over time, typically through quantitative measures of brand performance on a number of key dimensions marketers can identify in the brand audit or other means. A brand equity management system is a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. Three major steps help implement a brand equity management system: creating brand equity charters, assembling brand equity reports, and defining brand equity responsibilities.

### **5.2.4 Growing and Sustaining Brand Equity**

Maintaining and expanding on brand equity can be quite challenging. Brand equity management activities take a broader and more diverse perspective of the brand's equity understanding how branding strategies should reflect corporate concerns and be adjusted, if at all, over time or over geographical boundaries or multiple market segments.

#### **Check Your Progress 1**

1. The strategic brand management process starts with a clear understanding of how it should be positioned with respect to\_\_\_\_\_.
  - a. competitors
  - b. customers
2. The\_\_\_\_\_describes how to guide integrated marketing to maximize competitive advantages.
  - a. brand positioning model
  - b. Brand equity management
3. Building brand equity requires properly positioning the brand in the minds of \_\_\_\_\_and achieving as much brand resonance as possible.
  - a. customers
  - b. competitors
4. The third and final way to build brand equity is to\_\_\_\_\_secondary associations.
  - a. leverage
  - b. Operating leverage

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## 5.3 Identifying Brand Associations

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Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. For example- The Nike Swoosh, Nokia sound, Film Stars as with -Lux||, signature tune Ting-ting-ta-ding with Britannia, Blue colour with Pepsi, etc. Associations are not -reasons-to-buy|| but provide acquaintance and differentiation that's not replicable. It is relating perceived qualities of a brand to a known entity. For instance- Hyatt Hotel is associated with luxury and comfort; BMW is associated with sophistication, fun driving, and superior engineering. Most popular brand associations are with the owners of brand, such as - Bill Gates and Microsoft, Reliance and Dhirubhai Ambani.

Brand association is anything which is deep seated in customer's mind about the brand. Brand should be associated with something positive so that the customers relate your brand to being positive. Brand associations are the attributes of brand which come into consumers mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name. Brand association can also be defined as the degree to which a specific product/service is recognized within its product/service class/category. While choosing a brand name, it is essential that the name chosen should reinforce an important attribute or benefit association that forms its product positioning. For instance - Power book.

### **Brand associations are formed on the following basis:**

Customers contact with the organization and its employees;

Advertisements;

Word of mouth publicity;

Price at which the brand is sold;

Celebrity/big entity association;

Quality of the product;

Products and schemes offered by competitors;

Product class/category to which the brand belongs;

POP (Point of purchase) displays, etc.

### Check your progress 2

1. Associations are not — \_\_\_\_\_ || but provide acquaintance and differentiation that's not replicable.
  - a. reasons-to-buy
  - b. reasons-to-purchase
2. Brand association is anything which is deep seated in customer's mind about the \_\_\_\_\_.
  - a. consumers
  - b. brand
3. Brand associations are the \_\_\_\_\_ of brand which come into consumers mind when the brand is talked about.
  - a. attributes
  - b. Logo
4. \_\_\_\_\_ can also be defined as the degree to which a specific product/service is recognized within its product/service class/category.
  - a. reasons-to-buy
  - b. Brand associations

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## 5.4 Types of Associations

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A thorough conceptualization of brand image is also a part of customer-based brand equity. Brand image is \_\_perceptions about a brand as reflected by the brand associations held in consumer memory. Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers' (Keller 1993, p. 3). Until 1993 the term brand image became increasingly used and the need for managing the brand image over time became emphasized: \_\_The relationship between a brand's concept and its image must be managed throughout the life of the brand' (Park et al. 1986, p. 137). Despite growing interest, it was quite unclear what brand image was. In the customer-based brand equity framework, the associations related to brand image consist of several types of associations relating to attributes, benefits and attitudes.



1. **Attributes are descriptive features characterizing a product or a service-**

- Product-related attributes are associations directly associated with the product or the service. It could be the physical appearance of a car and the feel of driving it.
- Non-product-related attributes are external aspects related to its purchase or the consumption of it. There are four groups of non-product-related attributes that are taken into account: price information, packaging, user imagery (an impression of the type of person that consumes the brand) and use image (impressions of the context of brand use).

2. **Benefits are personal values attached to the brand by the consumer -** They are idiosyncratic evaluations or expectations of what the brand can do for the consumer. Benefits fall into three categories; functional, experiential, and symbolic.

- Functional benefits are personal expectations of what the product can do for consumers. They correspond to the product-related features but are more personal evaluations; the functional benefits are thus less objective than the product-related attributes.
- Experiential benefits relate to the sensory experience of using the brand. What does it feel like to use the brand? What kind of pleasure will i obtain from consuming the brand? This aspect provides variety for the consumer and satisfies hedonic consumption needs.
- Symbolic benefits are about self-expression and the way we signal to others by means of consumption objects.

3. **Brand attitudes are the last class of brand associations in the map of brand image -** Brand attitudes are consumers' overall evaluations of the brand. This overall evaluation is very important as it often guides brand choice.

To recapitulate, a brand (of which the consumer is aware) is a node in an associative network of brand knowledge. The brand name triggers a spreading activity and associations pop up. Some associations pop up faster and more immediately.

### Check your progress 3

1. A thorough conceptualization of brand image is also a part of\_\_\_\_\_.
  - a. brand associations
  - b. customer-based brand equity
2. \_\_\_\_\_is \_perceptions about a brand as reflected by the brand associations held in consumer memory.
  - a. brand associations
  - b. Brand image
3. The relationship between a brand’s concept and its\_\_\_\_\_must be managed throughout the life of the brand‘ .
  - a. image
  - b. Brand image
4. \_\_\_\_\_are personal values attached to the brand by the consumer.
  - a. Benefits
  - b. Brand attitudes
5. \_\_\_\_are the last class of brand associations in the map of brand image.
  - a. Brand attitudes
  - b. Benefits

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## 5.5 Let Us Sum Up

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So after going through this lesson we understood about the Strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity. In this text, we define the strategic brand management process as having four main steps

1. Identifying and Establishing Brand Positioning and Values.
2. Planning and Implementing Brand Marketing Programs.
3. Measuring and Interpreting Brand Performance.
4. Growing and sustaining brand equity.

Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. Brand association is anything which is deep seated in customer's mind about the brand. A thorough conceptualization of brand image is also a part of customer-based brand equity. Brand image is \_\_perceptions about a brand as reflected by the brand associations held in consumer memory. So this unit is going to be of great help for the readers in understanding the basic concepts to typical concepts relating to the concept of the unit.

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## 5.6 Answers for Check Your Progress

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**Check your progress 1**

**Answers:** (1-a), (2-a), (3-a), (4-a)

**Check your progress 2**

**Answers:** (1-a), (2-b), (3-a), (4-b)

**Check your progress 3**

**Answers:** (1-b), (2-b), (3-a), (4-a), (5-a)

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## 5.7 Glossary

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1. **Brand image** - the general impression of a product held by real or potential consumers.

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## 5.8 Assignment

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Write a brief note on strategic brand management.

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## 5.9 Activities

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Discuss the various steps of strategic brand management processes.

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## **5.10 Case Study**

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Write a brief note on brand association.

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## **5.11 Further Readings**

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1. Marketing Management (Twelfth Edition) – Philip Kotler.
2. The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.
3. The 22 Immutable Laws of Branding – Al Ries and Laura Ries.
4. Positioning: The Battle for Your Mind - Al Ries and Laura Ries.
5. Marketing Warfare - Al Ries and Laura Ries.
6. Competitive Strategy – Michael E Porter.

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# LESSON 6: BUILDING BRAND PORTFOLIOS

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## Unit Structure

### 6.0 Learning Objectives

### 6.1 Introduction

### 6.2 Branding Philosophies

#### 6.2.1 The Branded House

#### 6.2.2 Sub-Brands

#### 6.2.3 Endorsed Brands

#### 6.2.4 The House of Brands

### 6.3 Brand Growth Strategies

#### 6.3.1 Flanker/Fighting Brands.

#### 6.3.2 Line Extensions

#### 6.3.3 Brand Extensions

#### 6.3.4 Successful Brand Extensions

### 6.4 Let Us Sum Up

### 6.5 Answers for Check Your Progress

### 6.6 Glossary

### 6.7 Assignment

### 6.8 Activities

### 6.9 Case Study

### 6.10 Further Readings

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## 6.0 Learning Objectives

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After learning this unit, you will be able to understand:

- Branding Philosophies
- The various Brand Growth Strategies

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## 6.1 Introduction

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When large businesses operate under multiple different brands, services and companies, a brand portfolio is used to encompass all these entities under one umbrella. Often, each of these brands has its own separate trademarks and operates as an individual business entity. However, for marketing purposes, a brand portfolio is used to group them all together. Brand portfolios are also used to lessen consumer confusion in regard to who owns particular brands.

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## 6.2 Branding Philosophies

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The –Brand Relationship spectrum describes the different –product-market context role alternatives. It consists of four main strategies and nine subgroup strategies. These strategies and their connections are illustrated in –Brand relationship spectrum, (See Figure 3.1). At the top of the spectrum, –House of Brands strategy allows the brands to have the entire driver role which decreases moving downwards on the spectrum, first comes –Endorsed Brands strategy, where the master brand has a little driver role, then comes –Subbrands where the master brand and the subbrand shares the driver roles. At the bottom –Branded House strategy can be found, it is characterized by allowing the master brand to have the entire driver role. Below, each of these strategies will be described in details.

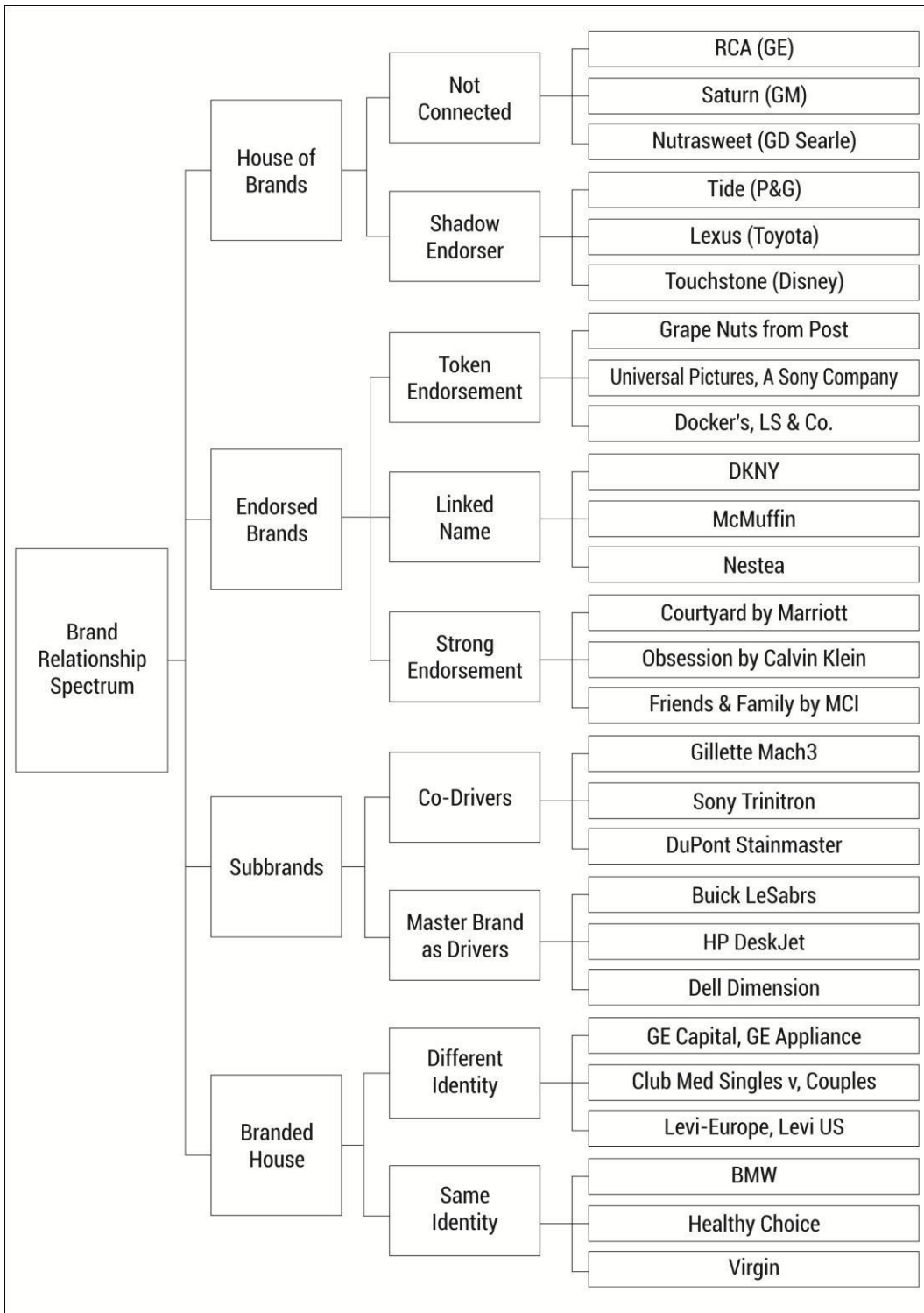


Fig 6.1 Brand relationship spectrum

## 6.2.1 The Branded House

-Branded house strategy is characterized by a master brand which possess the entire driver role. The strategy is considered to be very risky since it forces the master brand to struggle with keeping all the brands in the portfolio attractive, and at the same time, to provide the desired superiority and attractiveness to the commodities in the marketplace. Companies like IBM and Boeing use the strategy with aim to control market sections and become the biggest players in these thanks to their established and strong brands that can be extended easily.

The advantages with the -Branded House strategy are recognized when it comes to clearness, interaction and extension. The company Virgin is successfully implementing the strategy. Virgin organization stands for quality in their services, novelty, entertaining, etc. Clients of the company are aware of these values and are convinced that these are also reflected in the products and services provided by Virgin. By using the strategy Virgin benefits from one of the greatest advantages it provides; clearness. Another unique advantage with the strategy concerns interaction. The Virgin organization gets the opportunity to capitalize on new markets by applying its brand reputation in one market to another. The last advantage is concerned with extension. In the Virgin case, the brand is easily transferred applied to new markets in order to capture new opportunities.

-Branded house strategy consists also by two subgroup strategies, these are: -Different identity and -Same identity.

-Different identity is a phenomenon that can be observed when a specific brand is used in several market sections, nations or commodities. If the brand represents different identities in different environments there is a risk that it can face with identity problems. This can result in a poorly performed brand architecture building for the affected company.

The other strategy, -Same identity describes a phenomenon where the brand has a unique identity and -position in every context it operates. In this case, the risk to damage a brand is quite high since the strategy can affect the performance of a brand negatively. The preferred scenario is to create reasonable amount of identities with same shared features. Moreover, there have to be clear differences between the identities.



## 6.2.2 Sub-Brands

The decreasing driver role is quite obvious within this strategy since the master brand possesses the main part of it and plays a major role in the customers' purchasing decisions. The main task of sub brands is to help the master brand to reach new market segments through providing the desired features to the master brand.

The subgroups belonging to this strategy are: -Co- drivers and -Master brand as driver. The first one is distinguished from the second choice when it comes to the level of decision making about the purchase among customers. -Co- driver strategy splits the driver role equally between the master brand and the sub brand that means both play large roles in the purchasing decision from customers' perspective. One company which has implemented this type of strategy is Gillette Mach3 where the driver role is equally allocated between brands. In the second case, a master brand possesses the ability to affect the purchasing decision on the market since it can be considered as an established brand with significant popularity and loyalty among customers. The strategy is successfully implemented by Dell for the brand Dell Dimension. In this situation the master brand Dell has the major driver role while the subbrand Dimension has a minor driver role. That means clients purchase the product because of the popularity of the master brand, Dell.

## 6.2.3 Endorsed Brands

In this strategy, the brands still have a large self-determining ability. Compared to the previous strategy, the only difference is that, brands are in most cases supported by an organizational brand. Doing so, the supported brand obtains reliability, (Laforet & Saunders, 2005), carried out a study where they investigated the popularity of different brand strategies among companies. The study shows that -Endorsed brands as a strategy is a very common and popular strategy and its usage has increased among the investigated companies.

Within -Endorsed brands two separate subgroup strategies can be identified: -Token endorser and -Linked name.

-Token endorser means that a supported brand receives the necessary reliability through endorsement by a master brand. As in the case with the -shadow endorser, the supported brand still keeps its independence to build its own links. Some common criteria which strengthen the effects of the -token

endorser strategy are; the popularity of the endorser, the company Nestlé fulfills this requirement. Another one arises when an endorser is belonging to a respected and well known product category, this will be of great help due to its capacity to develop and launch new products. Despite the benefits a -token endorser provides, there are some misunderstandings regarding the ability of the strategy. Insituations, when the ability of a -Token endorser is overestimated and if the supported brand has a poor reputation, the strategy becomes weak. There are also cases when the supported brand has the desired reputation and popularity that means the necessity of a -Token endorser is not of any help for a brand to progress.

-Linked name is concerned with categories of brands which share a name with similar features. These brands are supported by an inexplicit endorser. The fast food Company McDonalds implements this type of strategy. Several meals offered by its restaurants are characterized by using the term -Mc which signals the connection to the McDonalds Company that in this case acts as an endorser. The strategy allows McDonalds to offer a wide range of products and also to avoid building new brands which is a more expensive alternative.

-Strong endorsement is characterized by an established difference between the corporate brand and product brands. Marriot Hotels and Suits is a corporation brand and Marriot Hotels is considered to be the product offered by the corporation. When Marriot Hotels and Suites decided to back up Courtyard and Fairfield Inc., the support was provided by the corporate brand, Marriot Hotels and Suites. Doing so, the product brand Marriot retains its characteristics due to the discrete between the product brand and corporate brand. However, endorsement of a brand can occur by many reasons. For instance, Nestle received desirable competitive advantages by its endorsement of Kit-Kat in United Kingdom. Kit-Kat as a preminent chocolate brand strengthened the image of Nestle by linking it with a sense of superiority in the chocolate industry.

A strong endorser usually is characterized by putting its brand name on the product (the endorsed brand) in that way which makes the existence of the endorser quite obvious to the eye. He means that the phenomenon can be seen in Ralph Lauren's endorsement of Polo Jeans.

## 6.2.4 The House of Brands

This strategy allows the all brands to have their own –driver role, characterized by a major self-determining opportunity and a slight connection to the –master brand, and the other brands in the brand portfolio. That means every single brand adopts a position based on –functional benefits and helps the brands become the major players on specific market sections.

The strategy consists of two subgroups: –Not connected and –Shadow endorser. –Not connected refers to brands, where each operates autonomously on the market. Their connection to the corporate brand is almost invisible. The company P&G is successfully implementing this type strategy. Doing so, the company gets the opportunity to target and control small but profitable sections on the market. P&G’s hair shampoo brands are an excellent example of how powerful and profitable the –Not connected strategy is. Instead of putting the master brand on their shampoo tubs, they allow each product in the range, to benefit from their own brand names. In this way the company controls entire market sections where the products are offered. Other identified advantages associated with the strategy are eluding uncomfortable connections when a company decides to launch or add a new brand to its portfolio. VW will influence the reputation of brands like Porsche or Audi among customers in case of a clear, visible association to it. Another advantage is the announcement of radical benefits of a new product. This is what Toyota did when they launched the Lexus brand where a clear distinction to the master brand gives the Lexus brand a sense of luxury.

However, the strategy has its weaknesses also. For instance, P&G misses the opportunity to extend the master brand to other business areas by implementing the –House of Brand strategy. Acting in this way, P&G jeopardizes potential profits and interactions that brand extension can result in. Moreover, the brands under the P&G umbrella, which don’t have the ability to back up investments with necessary financial resources, risk facing diminution in their profits. Finally, independent brands belonging to the company have a tendency to offer a limited number of offerings. That means without any possibility to an extension, the independent brands lose out their abilities to launch more products.

–Shadow endorser is the second type subgroup belonging to the –House of Brand strategy and is characterized by brands with an invisible link to the supported brands. Despite this invisible link, the main parts of the consumers are aware of it. The major benefit of practicing the subgroup strategy is the

recognition of belongingness to a famous company. From the perspective of the –shadow endorser|| reducing the connection to the supported brand is the desired goal. Doing so, the –shadow endorser|| points out, that the supported brand, stands for a completely new product with focus on its market section. Additionally, the supported brand has the freedom to establish its own image, character and reputation. Among companies applying the strategy, most known are Lexus supported brand by Toyota, Dockers by Levi-Strauss and DeWalt supported by Black&Decker,

### Check your progress 1

1. The –\_\_\_\_\_|| describes the different –product-market context role|| alternatives.
  - a. Endorsed Brands
  - b. Brand Relationship spectrum
2. First comes —\_\_\_\_\_strategy, where the master brand has a little driver role.
  - a. Branded House
  - b. Endorsed Brands
3. At the bottom —\_\_\_\_\_|| strategy can be found.
  - a. Branded House
  - b. Brand Relationship spectrum
4. The advantages with the —\_\_\_\_\_|| strategy are recognized when it comes to clearness, interaction and extension.
  - a. Endorsed Brands
  - b. Branded House
5. —\_\_\_\_\_|| is a phenomenon that can be observed when a specific brand is used in several market sections, nations or commodities.
  - a. Same identity
  - b. Different identity

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## 6.3 Brand Growth Strategies

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### 6.3.1 Flanker/Fighting Brands

Fighter brands are one of the oldest strategies in branding. In a classic response to low priced rivals an organization launches a cheaper brand to attack the threat head on and protect their premium priced offerings. Unlike flanker brands or traditional brands that are designed with a set of target consumers in mind, fighter brands are specifically created to combat a competitor that is threatening to steal market share away from a company's main brand. Fighter brands are usually a classic recession strategy. As value competitors gain share and private labels grow stronger – an increasing number of marketers turn to a fighter brand to rescue disappearing sales while maintaining their premium brand's equity.

When a fighter brand strategy works it not only defeats a low priced competitor but also opens up a new market. Intel Celeron is a notable case study of successful fighter brand application. Despite the success of its Pentium chips, Intel faced a major threat during the late Nineties from competitors like AMD's K6 chips that were cheaper and better placed to serve the emerging low-cost PC market. Intel wanted to protect the brand equity and price premium of its Pentium chips but also wanted to avoid AMD gaining a foothold into the lower end of the market. So it created Celeron as a cheaper, less powerful version of its Pentium chips to serve this market and keep AMD out. Intel's subsequent 80% share of the global PC market is testament to the potential of a successful fighter brand to help restrict competitors and open up additional segments of the market.

### 6.3.2 Line Extensions

A line extension uses a current brand name to enter a new market segment in the existing product class, say with new varieties, new flavors, or new sizes. Academic research has shown that well-known and well regarded brands can extend more successfully and into more diverse categories than other brands. In addition, the amount of brand equity has been shown to be correlated with the highest or lowest-quality member in the product line for vertical product extensions. Research has also shown that positive symbolic associations may be the basis of these evaluations, even if overall brand attitude itself is not necessarily high. Brands with varied product category associations through past extensions have been shown to be especially extendable. As a result, introductory

marketing programs for extensions from an established brand may be more efficient than others. Several studies have indicated that extension activity has aided (or at least did not dilute) brand equity for the parent brand. For instance, brand extensions strengthened parent brand associations, and –flagship brands were highly resistant to dilution or other potential negative effects caused by negative experiences with an extension. Research has also found evidence of an ownership effect; whereby current owners generally had more favorable responses to brand line extensions. Finally, extensions of brands that have both high familiarity and positive attitudes have been shown to receive higher initial stock market reactions than other brands.

### **6.3.3 Brand Extensions**

A brand can be extended into new product categories. Brand extensions are often necessary when adapting to changes in the environment or in order to reap the full benefits of a strong brand. Extensions have many benefits. In the beginning, brand extensions were used as a strategic tool mainly to enter new markets. Today, brand extensions are also used to underpin and develop the brand to meet market changes. A successful brand extension should respect the brand essence and thereby be based on the core of the brand and be true to the brand vision. If a brand is extended to a product category or to clients in a way that does not at all consider the core of the original brand, both brands risk dilution.

### **6.3.4 Successful Brand Extensions**

Successful brand extensions occur when the parent brand has favorable associations and consumers perceive a fit between the parent brand and the extension product. To better understand the process by which consumers evaluate a brand extension; many academic researchers have adopted a —categorization perspective. Categorization research has its roots in psychological research, showing that people do not deliberately and individually evaluate

Each new stimulus to which they are exposed. Instead, they usually evaluate a stimulus in terms of whether they can classify it as a member of a previously defined mental category. We could argue that consumers use their categorical knowledge of brands and products to simplify, structure, and interpret their marketing environment. For example, consumers may see brands as categories that over time have acquired a number of specific attributes based on

their individual members. As Method has expanded its range of cleaning products, consumers might develop stronger brand associations to –modern designs|| and –environmentally friendliness.||

In this categorization perspective, if consumers saw a brand extension as closely related or similar to the brand category, they could easily transfer their existing attitude about the parent brand to the extension. If they were not as sure about the similarity, they might evaluate the extension in a more detailed, piecemeal fashion. In this case, the strength, favorability, and uniqueness of salient brand associations would determine how they viewed the extension.

Thus, a categorization view considers consumers‘ evaluations of brand extensions to be a two-step process. First, consumers determine whether there is a match between what they know about the parent brand and what they believe to be true about the extension. Then, if the match is good; consumers might transfer their existing brand attitudes to the extension.

### **Check your progress 2**

1. Fighter brands are one of the oldest strategies in\_\_\_\_\_.
  - a branding
  - b. brand extension
2. \_\_\_\_\_are usually a classic recession strategy.
  - a. Fighter brands
  - b. brand extension
3. A\_\_\_\_\_uses a current brand name to enter a new market segment in the existing product class.
  - a. brand extension
  - b. line extension
4. \_\_\_\_\_are often necessary when adapting to changes in the environment.
  - a. Brand extensions.
  - b. Categorization

5. \_\_\_\_\_ research has its roots in psychological research.
- Brand extensions
  - Categorization

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## 6.4 Let Us Sum Up

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In this unit we made a very detailed discussion on the brand portfolios. Here the gist of this unit that we studied is that when large businesses operate under multiple different brands, services and companies, a brand portfolio is used to encompass all these entities under one umbrella it is known as brand portfolios.

The –Brand Relationship spectrum describes the different –product-market context role alternatives.

–Branded house strategy is characterized by a master brand which possess the entire driver role.

The advantages with the –Branded House strategy are recognized when it comes to clearness, interaction and extension.

From this detailed discussion the students have surely very well understood the topic of brand portfolios.

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## 6.5 Answers for Check Your Progress

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**Check your progress 1**

**Answers:** (1-b), (2-b), (3-a), (4-b), (5-b)

**Check your progress 2**

**Answers:** (1-a), (2-a), (3-b), (4-a), (5-b)

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## 6.6 Glossary

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- Portfolio** - It is a collection of similar type of things.
- Spectrum** – It is a condition that is not limited to a specific set of values but can vary infinitely within a continuum.



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## **6.7 Assignment**

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Write a note on brand portfolios.

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## **6.8 Activities**

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Write a note on Brand Architecture.

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## **6.9 Case Study**

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Discuss the brand relationship spectrum .

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## **6.10 Further Readings**

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1. Marketing Management (Twelfth Edition) – Philip Kotler.
2. The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.
3. The 22 Immutable Laws of Branding – Al Ries and Laura Ries.
4. Positioning: The Battle for Your Mind - Al Ries and Laura Ries.
5. Marketing Warfare - Al Ries and Laura Ries.
6. Competitive Strategy – Michael E Porter.

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## Summary

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This has been a very interesting part which mainly focused its discussion on brand building and planning, the strategic brand management process and lastly on brand portfolios. The whole content has been divided into three units. Chapter 4 discussed Brand Planning and Building; chapter 5 discussed The Strategic Brand Management Process whereas the chapter 6 discusses Building Brand Portfolios.

Lesson 4 focussed its discussion on brand planning and building which mainly discussed the the Concept of Customer-Based Brand Equity, how to build Customer-Based Brand Equity, the three Tools to Facilitate Brand Planning were also discussed here, the later part of this unit covered the topics Designing Brand Identity. Lesson 5 covered the topic Brand Management Process here a detailed discussion was made on Planning and Implementing Brand Marketing Programs, Measuring and Interpreting Brand Performance, Growing and Sustaining Brand Equity. Identifying Brand Associations, Types of Associations. Lastly the lesson 6 of this part covered the Branded House, Sub-Brands, Endorsed Brands and The House of Brands. Brand Growth Strategies: Flanker/Fighting Brands, Line Extensions, Brand Extensions and Successful Brand Extensions. So this unit gave a very through knowledge on one another aspect of brand. I hope this information is going to be very helpful for the readers.

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## **Assignment**

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### **Short Answer Questions**

1. Brand planning
2. Brand portfolios
3. Brand resonance model
4. The house of brands
5. Brand extension

### **Long Answer Questions**

1. How will you design brand identity?
2. What is brand positioning and how it is attained?
3. Discuss the various brand architectures.

