Case Studies on

Brand Management – Vol. I

Edited by

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OVERVIEW

One of the most important aspects of strategy in modern business is 'Branding'. Throughout most of the twentieth century, the Western brands were dominant. The American and European companies were the first to realise the power of strong brands and invested heavily in building them. The Japanese followed suit, with Sony leading the way. The companies in the Eastern world, which, until then, had served as low-cost manufacturing bases for Western companies, were the next to catch on. For instance, Samsung of South Korea, which was once known for low-cost and low-quality products, benchmarked its top rival and invested heavily to reinvent its brand. China's Lenovo took the route of purchasing established brands (Compaq) to strengthen its brand portfolio. Original equipment manufacturer, BenQ of Taiwan, invested the profits from its current business into building its own brand and thereby took the risk of directly competing with its current customers (like Dell, IBM, etc.).

Although there are many advantages to owning a powerful brand, not the least of which is the option of premium pricing, building a brand is a costly and consistent affair. As brands have proliferated the marketplace, the risk of failure has grown exponentially and brand managers have been forced to take a re-look at their notion about brands and branding.

Branding is often misunderstood as merely being an advertising function and is therefore widely mismanaged. Brand managers often view branding as a supplementary task, involving the management of a product image that can be separated from the main business of product management. However, new-age thinking provides an alternative perspective, stating that,

- Branding is a strategic point of view, not a select set of activities
- Branding is central to creating customer value, not just images
- Branding is a key tool for creating and maintaining competitive advantage
- Brand strategies must be 'engineered' into the marketing mix.[1]

Traditional business thinkers often assumed that product value as experienced by the customers, and product value as measured by the company, were one and the same. That is, if a company builds a better product, the customer will experience an increment in product value, and vice versa. Marketing, however, makes a crucial break from this assumption, emphasising that customer value is always perceptual as it is shaped by the subjective understanding of customers and is, in fact, never objective.

A brand is therefore the product as it is experienced and valued in everyday social life, and branding refers to all the activities that shape customer perceptions, particularly the firm's

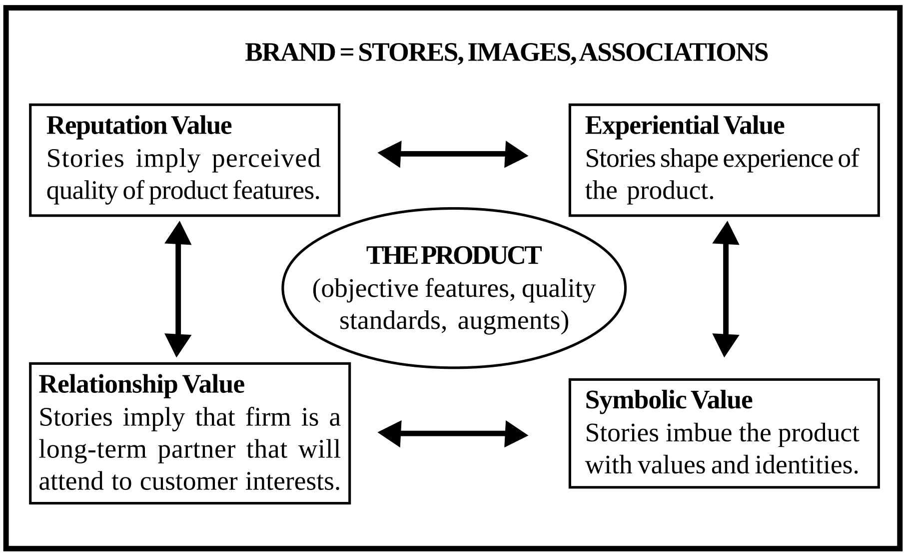
[1] Holt Douglas B., "Brands and Branding", Harvard Business School (Note), *Harvard Business School Publishing*, March 11th 2003, page 1 [ECCH Ref. No. 9-503-045]

activities.[2] To be successful, brand managers must realise that although a product consists of a bundle of tangible, functional attributes, a brand's offerings go much beyond that. For instance, Coca-Cola is not just a beverage that customers like. The fact is that Coca-Cola conveys the image of being an optimistic, American product that attracts consumers. The brand can therefore be thought of as the culture of the product. Brand culture is formed when images, stories and associations are created around the product, mostly by the company and customers.

To comprehend the value and hence the importance of a brand, a brand manager has only to evaluate the difference between what a customer is willing to pay for a branded product and a generic product. The brand value can be stated to be an assimilation of four dimensions: Reputation Value, Relationship Value, Experiential Value, and Symbolic Value (Exhibit I).

Exhibit I

What is a Brand?



Source: Holt Douglas B., "Brands and Branding", Harvard Business School (Note), *Harvard Business School Publishing*, March 11th 2003, page 1 [ECCH Ref. No. 9-503-045]

[2] "Brands and Branding", op.cit.

Building strong and sustainable brands requires developing a well-conceived brand strategy. To be successful, all aspects of the brand strategy must deliver a consistent message that is in tune with the overall goals of the business. However, there is no universal rule that governs the designing of brand strategies. In a *Harvard Business School* note, 'Brands and Branding', author Douglas B. Holt outlines this four-step process for developing a brand strategy:

Step 1: Identify goals that branding can address

Not all business goals require or demand a branding solution. Therefore, a brand manager must identify those business goals which are amenable to branding. In the cases, where a business goal can be achieved by enhancing perceived product value, brand strategies are most appropriate.

Step 2: Map the existing brand culture

Mapping the existing brand culture involves evaluating the brand culture across the four components of brand value described in Exhibit I. This requires collecting information in tune with the four different components of brand culture. In this step, it is important for a marketer to identify the points of divergence between the firm's current brand strategy and brand culture.

Step 3: Analyse competition and environment to identify branding opportunities

Analysing competition involves mapping the competitors' brand culture as done in Step 2. This step must be carried out because achieving competitive superiority in brand value requires benchmarking against competitors' brands. Carrying out mapping of competitors' brand culture will enable a marketer to improve the firm's brand culture over those of its key competitors, and at the same time, identify and work on any possible weak-points that may enable the competitors to make inroads into the future.

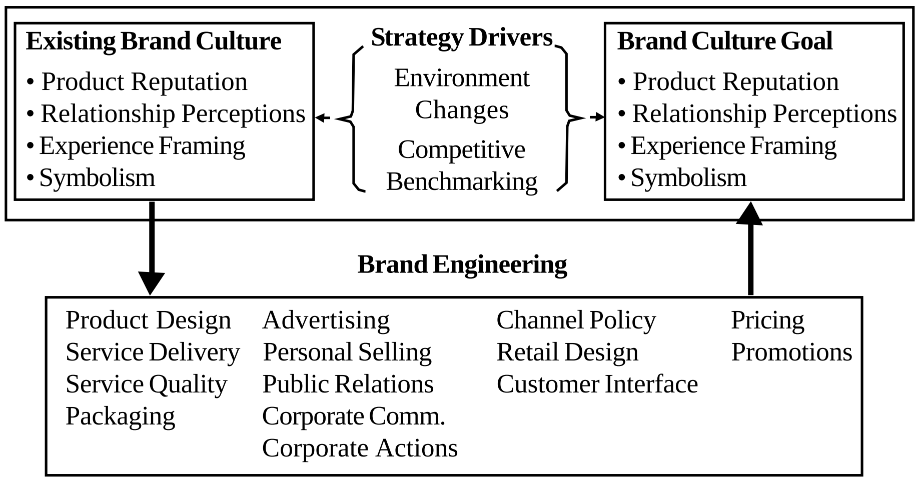
The other, and perhaps the more important aspect to be taken into consideration while branding is the shift in environment. Identifying opportunities in the environment – consumers, technology, infrastructure, etc. – that competitors have failed to identify or react to, is the way to create the most significant brand value.

Step 4: Design the strategy

The final step involves creating a blueprint of the path that a firm should take to make a transition to the desired brand culture. This design must chart out the firm's existing brand culture, outline the opportunities identified in Step 3 and then, finally detail the desired brand culture (Exhibit II).

Exhibit II

Brand Strategy



Source: Holt Douglas B., "Brands and Branding", Harvard Business School (Note), *Harvard Business School Publishing*, March 11th 2003, page 1 [ECCH Ref. No. 9-503-045]

The brand strategy should specify which marketing mix elements will be used and how they will be integrated into the overall plan to produce a consistent branding effort. This part of the brand strategy deals with implementation or engineering the desired brand culture across all the relevant aspects of a marketing mix and allocation of the requisite resources for achieving the desired end.

Once a brand strategy has been created and implemented, it must be evaluated to assess whether it is working or not. Brand managers can use any one or a combination of the following to evaluate the effectiveness of their branding effort:

Behaviours: Behavioural loyalty is one way of measuring the strength of a brand. That is, all other factors being constant, when a brand's value increases, a customer will purchase the brand more frequently and will be less likely to switch over to other brands.

Attitudes: This measurement recognises the fact that strong brands share certain consumer attitudes. For instance, the brand may be associated with influential users. Traditional market research and informal feedback methods like websites can be used to gather information and identify attitudinal measures – to make comparisons and deduce attitudinal strength.

Relationships: Another measure is determining the relationship strength. This works on the principle that when brand value is high, customers will depend more heavily on the brand, and hence develop a deeper relationship with it.

Equity: This is the ultimate or the most widely used technique of measuring the brand value. Among several techniques for measuring brand equity, a common one is to determine the selling price of the brand in the current market.[3]

The case studies included in this book span a broad range of industries, from fast food, entertainment and sports to automobile and electronics. These case studies are based on the branding efforts undertaken by some of the world's most renowned companies. The case study, *Managing Brand Reputation: The Case of Coke, Pepsi and Cadbury in India* details the different kinds of strategies, the companies can implement to manage their brands when things go wrong, while *Dasani's European Misadventure* and *Euro Disney: Failed Americanism?* highlight the pitfalls of improper brand management.

Destination Dubai: Building a Brand details the successful attempt of the royal family of Dubai to brand their country and *James Bond – A Meta Brand?* takes a look at the evolution of a literary character into one of the world's most recognised style icons, all due to careful brand management efforts. The dilemmas encountered during co-branding are highlighted in the case study *Corporate Co-branding: Case of Yum! Brands, Inc*. and the case studies *Branding – The Asian Dilemma*, *Taiwan's OEM Industry: Acer's Branding Dilemma*, *Samsung Electronics: Mr. Yun's Efforts for Upscale Image* and *Hyundai's Global Branding Strategies* look at the challenges encountered by companies in Asian countries in their attempt to build a global brand.

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[3] "Brands and Branding", op.cit.