

Case Studies on
Brand Management – Vol. II

Edited by

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OVERVIEW

“What’s in a name? That which we call a rose by any other name would smell as sweet.”¹

In the business context, the answer for the same would not be as Shakespearean. Rather, as opined by Hans G. Gueldenberg, CEO of Nestlé Deutschland AG, “They (Names) are road signs that help people find orientation in the jungle of supply.”² In today’s world, ‘name sells’. For instance, a car is a car and the purpose being commuting. Nevertheless, when a car is a Mercedes or a BMW, the perception transmogrifies. It’s not viewed just as a mode of transport but it’s rather attached to one’s status/prestige. And that’s exactly what a brand does. It not only gives recognition to the company but helps customers create an identity for themselves. As said by Jeff Bezos, CEO of Amazon.com, “A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.”³

What is a Brand?

According to American Marketing Association (AMA), brand is a “name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition”.⁴ For a customer, “A brand is all the emotions and ideas associated with a product or service that creates a distinct customer experience. It includes all things real or perceived, rational or emotional, physical or sensory, thought or felt, whether in form or function, planned or unplanned.”⁵ The power of the brand depends on how well a product can entice the customers and how long can it reside in their minds.

The Need for Branding

Earlier, branding included logos and advertisements. But nowadays, brand is much more than a name or a logo. A brand is no longer just about image projection. It is about the company as a whole. Branding distinguishes a company, product or service from the rest and creates a lasting impression on the consumers.

What is Brand Management?

Brand management is the process of creating and sustaining brand equity. Brand management includes – developing a strategy that successfully sustains or improves

¹ “Brainy Quote”, http://www.brainyquote.com/quotes/authors/w/william_shakespeare.html

² Aisner James E., “Global Brands: Connecting With Consumers Across Boundaries”, July 24th 2000

³ “Brands and Brand Management”, http://www.1000ventures.com/business_guide/marketing_brands.html

⁴ Ibid.

⁵ Bueno J Bolivar, “Cult Branding Workbook”, November 2006

brand awareness, strengthens brand associations, emphasises on brand quality and utilisation. It represents a sophisticated business process to maintain the unique mix of physical attributes and intangible values that distinguishes one brand identity from the other.

Therefore, brand building and brand management have become critical issues for firms competing within industries. Over the last decades, brand evolved from a simple product attribute to that of a value creator for the entire firm. A brand can be anything – a person, product, country, company, etc.

Types of Brands

There are broadly six types of brands – Product, Service, Organisation, Person, Event and Geography.

Product Brands – The brand that is associated with a tangible product, such as a car or a drink. This can be very specific or may indicate a range of products. It is further divided into individual product (Ex: Coca-Cola) and product range (Ex: varieties of Colgate toothpaste).

Service Brands – The brands that deliver complete solutions and intangible services besides manufacturing products. Service brands are about what is done, when it is done, who does it, etc. It is much different than product brands, where variation can be eliminated on the production line. Even in companies such as McDonald's where service has been standardised down to eye contact and smile, variation still occurs.

Organisation Brands – Organisations are brands, whether it is a company that delivers products and services or some other group. Thus, Greenpeace, Mercedes and the US Senate are all defined organisations and each have qualities associated with them that together constitute the brand.

Person as brand – Person brand is focused on one or a few individuals and is associated with personality.

- **Individual** – A pure individual brand is based on one person, such as a celebrity actor or a singer. The brand can be a person with a carefully crafted projection (Eg: Politician)
- **Group** – Not much higher in detail than an individual is the brand of a group. In particular, when this is a small group and the individuals are known, the group brand and the individual brand overlap. For example, the brand of a pop group and the brand of its known members are strongly connected (Eg. The Beatles).

Event – Events have brands too, whether they are rock concerts, Olympics, a space-rocket launch or a town-hall dance. Event brands are strongly connected with the experience of the audience, for example, musical pleasure or amazement at human feats.

Geography – Areas of the world also have essential qualities that are seen as characterisations, and hence also have brand. These areas can range from countries to states to cities to streets and buildings. Those who govern or represent these geographies, develop the brand (Eg. Japan, US).

The Transformation of a Brand to an Extraordinary Brand

Most of the companies manage to build brands. But, the question is – What is the longevity of such brands? Can companies gain customer loyalty that stands test of time? The answer is yes. There are companies that have established brands which are loved by the customers. Such brands become icons.

Iconic Brands: Iconic brands are part of our culture. They are easily recognised by their logo. These brands spend a lot of money on marketing to keep their image in tact. These iconic brands are top of mind brands and often win a bigger market share. For example, McDonald’s, Microsoft, Dell, Coke, Pepsi, and American Airlines have a significant place not just in the market, but also in the consumer’s minds. But, there are few phenomenally extraordinary brands that build an everlasting relationship with the customers. They ideally are called cult brands.

Cult Brands: “Cult Brands understand that their brand belongs to the customer. Only the customer’s voice counts. A successful cult brand embraces its customers by anticipating their basic human and spiritual needs. As a consequence, Cult Brands achieve a level of customer loyalty unprecedented in traditional business.”⁶ These brands have no substitutes. Examples being, Oprah, Vans, Linux, Southwest Airlines, IKEA, Harley Davidson, Apple, Star Trek, Jimmy Buffet, Volkswagen Beetle, Cuban Cigars, and Tabasco Sauce. They are profitable even in the most adverse market conditions because of the powerful relationships they have with their customers.

But how does one assess the brand value of these companies?

Significance of Branding and Measuring Brand Value

“Marketing is not a battle of products, it’s a battle of perceptions.”⁷ The power of a brand lies in making customers relate themselves with it and induces in them a

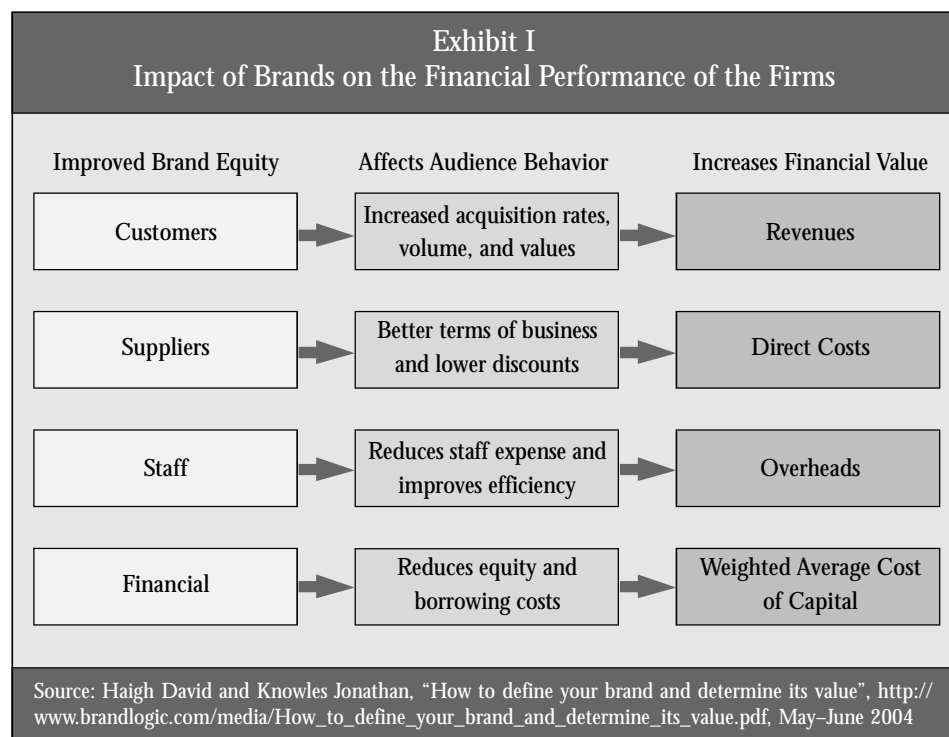
⁶ “Cult Branding Workbook”, op.cit.

⁷ “Brands and Brand Management”, op.cit.

desire to own it. Customers value some of the most powerful brands in the world primarily for their ‘cultural value’ as they provide imaginative resources that people use to build their identities.

In the age of increasing competition in every industry, strong brands help companies communicate their products’ and services’ unique ability to satisfy customer needs. In an environment, where the functional differences between products and services have been narrowed down through total quality management, brands provide the basis for establishing meaningful differences between them.

Branding also plays an important role in generating and sustaining the financial performance of brands (Exhibit I). However, the impact of brands on corporate performance is more subtle as the value creation by a brand is often difficult to measure.



There are several ways of measuring a brand value in dollar terms, such as Book to Market value multiples, net present value of the premiums, which customers are willing to pay for a branded product over an unbranded product, etc.

The Secret of Successful Branding...

Brand management is not just about building brands, but also managing and establishing them. Marketers should consider maintaining healthy and vital brands and firms need to pay attention to brand building. They should not neglect important issues related to brand leveraging, identification, and protection.

“Successful brand is an important strategic marketing tool for a firm. Effective brand management includes constant endeavour of a firm to choose the ways for realising the brand potential and enhance its value. As a result, it can create sustained competitive advantage and a successful strategic positioning through continued investment in quality, communication, customer relationships, and intermarketing. The basic message to management is that brand is an instrument, not only a goal and, if it used efficiently, it causes creation of very valued intangible assets – customer capital.”⁸

⁸ Stankoviæ Ljiljana and Djukiæ Suzana, “Strategic Brand Management in Global Environment”, <http://facta.junis.ni.ac.yu/eao/eao200602/eao200602-03.pdf>, September 5th 2006