

It's a Brand, Brand, Brand World!

Nature of Product Branding

**What It Can
Do for You**

**Are You
Loyal?**

**Confessions
of a Brand**





So What?

Here's a question for you: What are you wearing? Or to be more precise, what *brands* are you wearing? Expensive brands or bargain ones? Popular ones or not? Just one brand or many? Chances are that you've got at least one or two brands on, unless you're one of the rare souls who still makes your own clothes. It seems like society is drowning in brands nowadays. Brands are everywhere we look—on our clothes, on our cars, even on our food.

So why are we surrounded by so many brands? Why do companies feel the need to develop cute names and logos for their products? How do they come up with some of those crazy brands, and what makes a brand successful in this brand, brand, brand world? Read on, and you'll find out!

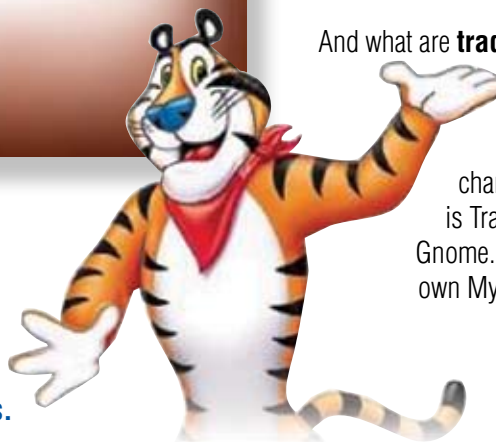
Objectives:



Describe the characteristics of effective product brands.



Explain the branding process.



What makes a product brand g-r-r-r-r-e-a-t?

What is a product brand?

A **product brand** is a name, term, symbol, or design (or combination of them) that identifies a product and distinguishes it from competitors' products. For example, one popular brand of cereal is Kellogg's Frosted Flakes cereal. Kellogg's is the **trade name**, the name that identifies

Kellogg's

the company, and Frosted Flakes is the **brand name**, the part of the brand that can be spoken, such as a word, a phrase, a letter, a number, or any combination of these.



Some marketers develop additional forms of identification known as brand marks and trade characters.

A **brand mark** is a distinctive symbol, design, sound, or group of letters that is seen or heard but cannot be spoken.

The Nike "swoosh" is a brand mark.

It is instantly recognizable, even without the Nike name. Another example of a brand mark is THX's audio logo, called "Deep Note." It's the synthesized crescendo sound that you hear before every movie recorded with the THX sound recording system.



And what are **trade characters**? They are brand marks that have been made to seem lifelike.

Tony the Tiger is one example of a trade character. Another example is Travelocity's Roaming Gnome. He even has his own MySpace page!





Brands, Brands, and More Brands

Now that we know that brands are made up of brand names, brand marks, and trade characters, let's focus on the different types of brands. One type of brand is a manufacturer's brand. A **manufacturer's brand**, also known as a national brand, is one that the manufacturer has assumed all the responsibility of branding. That means that the manufacturer plans to make all decisions regarding the use of that brand. Starbucks Coffee is a good example. The Starbucks Coffee company is solely responsible for branding all of its coffees and other Starbucks products.



Another type of brand that you might run across is a private brand. A **private brand**, sometimes called a store brand, is a brand owned by an intermediary. What this means is that a supplier, such as Whirlpool, produces a product and places an intermediary's brand on it. In this instance, the products are household appliances, the intermediary is Sears, and the intermediary's brand is Kenmore. The Sears family of stores are the only retailers to sell the Kenmore brand of appliances, which are manufactured by the Whirlpool Corporation.



(supplier)

Sears

(intermediary)



(intermediary's brand)

Not only can we identify brands based on who is responsible for the branding, but we can also identify them based on whether they use the same name as several other products or whether they have unique brand names. **Family branding** involves using the same brand for related products in a product line. One example of a family brand is Coach, as in Coach handbags and accessories. While each product in the Coach line is unique, they are all related and similar to each other in some ways as well.



PEPSICO



Family branding has its advantages. New products are easier to introduce under an accepted, recognized brand, and marketers are more willing to provide shelf space for new members of a family brand. It's easier to add new products to current promotional campaigns for a family brand, and because the products are part of one big "family," the family brand can take on the image of the company. However, if one product in the family is found to be of poor quality, then the entire brand family could suffer.

Rather than being part of a family brand, some products are individually branded. **Individual branding** involves using different brands for products owned by one company. The trade name is not part of the brand, nor is it prominently displayed on the label. For example, PepsiCo uses individual branding for many of its products, including Propel Fitness Water, Aunt Jemima Pancake Syrup, and Rice-A-Roni side dishes.



Individual branding also has its advantages. Each individual brand has its own unique identity that is unrelated to other brands owned by the parent company. This uniqueness helps consumers to associate specific benefits with specific brands, which may help the company to retain customers. In addition, individual brands also allow a business to sell to very different markets. Think about PepsiCo again, for example. PepsiCo's brands run the gamut from beverages to breakfast foods to pasta. Its broad range of brands can be sold to an array of markets. If any one of these brands performs poorly, its failure is much less likely to impact the other PepsiCo brands. Unfortunately, due to the uniqueness of each brand, more funds must be put toward promotion to obtain and retain market share than would be necessary with a family brand.

What makes a brand name good?

Marketers agree that effective brand names seem to have several characteristics in common. These characteristics include:

- **The name should describe the product's benefits and uses.** A good brand name conveys what a product does for the consumer or how it works. The brand name Reddi-wip, for example, is a good brand name, because it tells consumers what it is, and it lets consumers know that it is ready anytime, which saves consumers' time and effort.



- **The name should be easy to read, pronounce, and remember.** If the name has these qualities, the product will be easy to recognize. Many effective names are brief. Often, they are one-syllable words. Brands such as Sprite and Dell are good names because they are short, memorable, and easy to pronounce.



- **The name should create appealing images.** It's important that a brand name is pleasant and makes people want to buy the product. Lean Cuisine, for example, is an appealing brand name for consumers who want a low-calorie, high-quality meal.

- **The name should be distinctive.**

The brand name should set the product apart from the competition by not being too common or similar to other brand names on the market. This is especially true of brand names on the web. Monster and Google are two online companies that have developed distinctive, successful brand names.



- **The name should be adaptable.** A good brand name should be easy to pronounce in all countries where the product will be marketed, and it must have an acceptable meaning in these foreign countries. In addition, brand names should be "classic" names that won't go out of style. Levi's, Old Spice, and Snickers are all old brand names, yet they have withstood the test of time.

- **The name should be legally available for use.** A business needs to make sure its chosen brand name is not the property of another company, since it is illegal to use another company's brand name.
- **The name should be appropriate for packaging and advertising.** Because of space limitations in the media and on product labels, the brand name should not be too long. Brief names allow better spacing on packages and advertisements, so shorter names are likely to be more graphically pleasing and noticeable.



Why brand?

The primary reasons that brands are used are for identification and differentiation. For example, we can tell by the brand that a particular pair of shoes is Adidas versus Reebok. The brand identifies the product and separates—differentiates—it from similar products. And when consumers see a brand that they have used in the past and liked, they are more likely to purchase that brand again, instead of spending time and effort examining other products. Even if a consumer hasn't purchased a particular brand before, s/he is more apt to select it rather than a competitor's if that brand name is clever and attention getting.

Brands also lead consumers to develop certain expectations of products. Consumers often expect a brand to provide predictable, consistent quality and performance. They believe any new products sold under the same brand will have the same quality. The brand, therefore, adds value to these products. For example, customers expect new products sold under the Apple name to be of the same quality as existing Apple brand products. Consumers may even associate a brand with a certain price level and standard of performance. Consider two very different automobile brands: Porsche and Kia. Which brand do you associate with a high price and high performance?

Not only do brands provide certain advantages for customers, but they also provide benefits for businesses. When consumers get into the habit of buying certain brands, they automatically buy them again. This reduces the amount of time and promotion needed to make future sales, and it results in brand loyalty.

Brands usually pass through successive stages of **brand loyalty**, which is customers' allegiance to a particular brand. First comes **brand recognition**, when consumers become aware of a brand and know a bit about it. Next is **brand preference**, when consumers prefer to purchase a certain brand based on their positive experience with the brand. However, if that brand is not available, the consumer will purchase another brand. And when consumers insist on "their" brand and will not accept a substitute, the brand has reached **brand insistence**. Only that particular brand will satisfy a customer for a given purpose. Most brands never make it to this stage of brand loyalty. Coca-Cola is one example of a brand that has made it to the brand insistence stage, though. There are many Coke consumers who simply will not drink any other brands of cola. And when brands make it to the brand insistence stage, they also have a tendency to develop a competitive advantage in the marketplace. If consumers associate a particular benefit with a particular brand (or vice versa), then the brand can develop an edge over its competitors.

Summary

A product brand identifies a product and sets it apart from competitors' products. There are many different types of brands, including manufacturer's brands, private brands, family brands, and individual brands. Regardless of the type of brand, good brand names possess certain qualities, and they create advantages for consumers and businesses.

The Gray Zone

Imagine a well-known, successful airline that began to experience a series of airplane malfunctions and minor mishaps. The airline continued to attract passengers, but stories about its technical problems crept into newspapers and newscasts. Then, one of its airplanes crashed while flying over the Rockies. All 115 people aboard were killed. It was the worst domestic airplane disaster (aside from the 9-11 hijackings) to happen in recent history.

Following the crash, people became afraid to fly this airline, and the company's profits plummeted. Its brand name became tarnished due to negative publicity, and the company no longer attracted the number of passengers that it once did.

To solve the brand problem, the airline purchased a smaller airline for the sole purpose of assuming the smaller airline's brand name. The company saw that as a way to get away from the bad feelings associated with its old brand. By changing its brand, the company was able to make a fresh start, without the baggage of the crash. Did the airline act in an ethical manner when it adopted a new brand name, or was it trying to hide its mistakes?

1. Explain the differences among product brands, trade names, brand names, brand marks, and trade characters.
2. What are four types of brands?
3. Why is it important that a brand name be adaptable?
4. How should a brand name be appropriate for packaging and advertising?
5. What are the two main reasons why brands are used?
6. Describe the three stages of brand loyalty.

How do product brands come to life?

To Brand or Not to Brand

At first glance, you might have assumed that product brands were merely thought up, labels slapped on, and products made available. But, branding involves much more than that. It starts with the decision whether or not to even brand a particular product.

Branding is an expensive process. Researching, developing, and marketing a new brand can cost thousands, even millions, of dollars. Businesses must evaluate their products, their own resources, and the marketplace in order to make the decision whether to brand. A business might ask itself:

- Can the product be easily identified by a brand?
- Are there funds to promote the brand?
- Will the brand be profitable?
- Does the firm have the necessary personnel to support the brand?



When the answers to these questions are “no,” the business may choose to sell the product without a brand. **Generic items** are unbranded products that are plainly packaged, have lower or standard quality, are sold at lower prices than branded products, and receive little or no promotion. Paper towels and toilet paper are popular generic items. They sell well because some consumers feel the products are a good buy at the lower price.



The Birth of a Brand

After determining whether to brand particular products, most businesses go through a very similar branding process. While a small business may take a more simplified approach to selecting a brand than a large corporation, here are the stages of the branding process that most businesses grapple with:



Should a pharmaceutical brand tell the consumer how much happier s/he will be after taking the medication, or should the brand focus on the medical benefits of the drug?

Determining brand objectives. Once a company decides that it is indeed going to brand a new product, then the next step is to determine brand objectives. What are the goals of this brand? What should the brand stand for? How should the brand function? For example, should the brand tell the consumer how good the juice tastes or emphasize how nutritious it is? Or, should a pharmaceutical brand tell the consumer how much happier s/he will be after taking the medication, or should the brand focus on the medical benefits of the drug?

Brainstorming. Next, a company should develop a lengthy list of brand name possibilities. Brand ideas can come from many sources: brand or product managers, employees, the company president, the research and development staff, and even consumers. After this long list of brand names has been developed and reviewed, the list of names may be narrowed down to a more manageable number, perhaps five to ten possibilities.

Determining the acceptability of brand possibilities among different cultures. Marketers must research their brands to determine whether they would be acceptable in different cultures and countries. How would this particular brand name be pronounced in Spanish? In Mandarin? In Japanese? What is the literal translation of this name in these languages? Would this brand name be culturally taboo in certain areas of the world? Depending on the intended market for a particular brand, these are very serious issues to deal with.

Testing the brands with consumers. Marketers should also test their brands with consumers. Which of the brand candidates is most memorable? Which brand fits best with the product? Which brand(s) should not be considered at all?



Checking the legality of brands. Another important step in the branding process is to determine whether someone else owns the trademark for the potential brands. A **trademark** is a word, name, symbol, or device used by a manufacturer or merchant to identify and distinguish its goods from those manufactured and sold by others. If another company already owns the trademark for a particular brand, then it has exclusive rights to it. No other company is permitted to use that brand without permission.

Determining what URLs are available. In today's Internet-savvy world, any company that wants its brands to be successful must have a web presence. For that reason, most companies search out or create URLs, web addresses, which represent their brands. When Activision added Guitar Hero to its portfolio of video games, for example, the game publisher secured the rights to the web address www.guitarhero.com to promote its new brand.

Selecting the best brand for the product. The last step in the initial branding process is to select the best brand for the product. There is no right or wrong formula for completing this last step, but ultimately, the brand that the company considers to be the most appropriate and effective in persuading consumers to buy is the one which the business should choose.

Branding Strategies: Where Companies Go Next

Once a brand is selected, businesses take a serious look at their branding strategies, which are the actions that need to be taken with an established brand to accomplish its goals. Effective use of brand strategies helps to make brands more successful. Frequently used brand strategies are brand positioning, brand extension, brand licensing, and co-branding.



Brand positioning. Brand position really means the way that consumers see the brand as compared to competitive brands. The marketer's goal in positioning a brand is to try to establish the "point of difference"—the factor that separates the brand from its competitors. What makes this brand special? What are its benefits? Marketers must ask these questions to create the right image for their brand—the image that will make their brand successful.

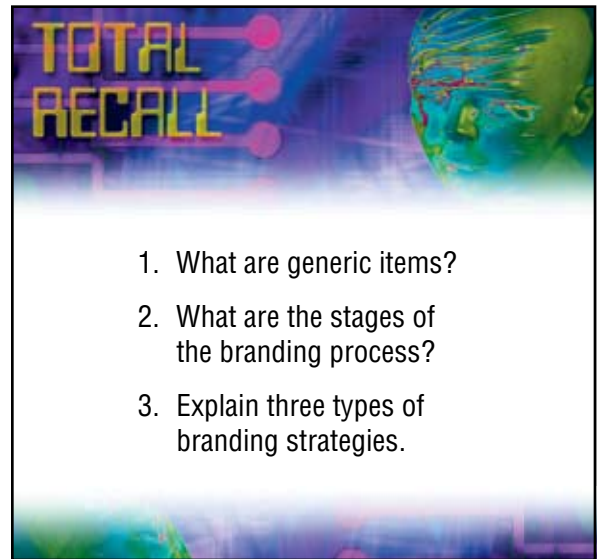
Brand extension. Some companies use brand extensions, in which an existing brand name is used for a new or improved product line. Starbucks, for example, extended its successful coffee brand to ice cream and candy. Cheerios cereal is another brand that has successfully extended its brand to include similar products.

Brand licensing. Brand licensing allows one company to use another's brand name, logo, or character for a fee. Fashion designers, such as Donna Karan and Tommy Hilfiger, may license the use of their names to jewelry and perfume manufacturers. Although licensees produce and sell these products, they become, in effect, extensions of the core brand.

Co-branding. Increasingly, companies are joining forces, or co-branding, to increase recognition, customer loyalty, and sales for both brands. Pizza Hut and Taco Bell have developed co-branding arrangements, as have KFC and Long John Silver's. Co-branding benefits both companies: it broadens both companies' target markets and increases their profits.

Summary

Branding is not an easy process. It involves much research and decision-making. While some companies may move through the stages of branding quickly, other companies are more deliberate in their branding process. Even after a brand is established, there are still many more decisions that must be made, all part of a company's branding strategies.



Make It Pay!

Look around your school building. What brands do you see? Make a list of all the brands that you find in one day—on clothes, food, books, furniture, office supplies, etc. Which three brands do you think are the most effective? Why? What qualities do those brands possess that make them successful?

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