The origin of brands

- Brand: derived from the old Norse word “brandr” which means “to burn.”

- “name, term, sign, symbol, or design, or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of the competition” (American Marketing Association)
Why do Brands Matter?
Brands impact how we experience products
More terms

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

- Key to creating brand equity
- Associative Network Memory Model
  - network of nodes and links
  - nodes: stored information or concepts
  - links: strength of the association between nodes

- Association:
  - Attributes, product related, not product related
Brand extensions

- Brand extensions
  - What is it
  - When
  - Why

- Depends on fit
  - With network
Benefits from Brand Equity

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

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

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

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

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

- Why does manufacturers that don’t sell end-products care about brands
  
  • Intel
  • Medical companies
  • IBM (for a large part)
  • Pratt & Whitney
Marketing basics:

- Understanding consumer behavior requires a grasp of the phenomena/effects, a way to measure them, and marketing actions to influence the consumer
  
  • Branding is no exception
Understanding consumer behavior requires a grasp of the phenomena/effects, a way to measure them, and marketing actions to influence the consumer.
And if we don’t?
Meet Sergio Zyman
Step 1. Coca-cola blind-tested the taste of Coke

Step 2. Coca-cola introduced New Coke

Major flop #1
Coca-cola did not understand consumer behavior issues related to branding well enough to realize that what it was measuring was not the prime reason people choose Coke!
FATAL ERROR:

Very accurate measurement of the wrong thing
Bayer Introduces Bayer Non-Aspirin

Customers switch from Aspirin to Tylenol
Bayer did not realize that its actions affected consumers’ perceptions of Aspirin (negatively!)
Summary I

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

- When thinking of a branding strategy one must ask:
  
  • What does the consumer see as the significance of brand?

  • What risks does the consumer see?

  • What information does the consumer needs?

  • Who should brand and own the brand?