Strategic Brand Management

Exeter MBA and MSc – Day 2
Lecture 2
Auditing and Building Brand Equity

Brand Equity

Financial
“Goodwill”
P/E ratios

Managerial
Audit
Evaluate
Strategy

Jack Buckner
Elliot’s Synthetic Model of Brand Equity

- **BRAND IMAGE**
  - Salience
  - Easy Choice
  - Differentiation
  - Relevance
  - Emotional Connection
  - Brand Personality
  - Trust

- Functional Brand
- Symbolic Brand
- Price Premium
- Brand Loyalty
- Brand Elasticity


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**Brand Awareness, Image, Personality, Knowledge, Identity, Salience…..**

- **Brand Awareness**
  - Recognise
  - Recall
- **Brand Image** – a wider construct including personality and salience (salience is % with an opinion)
- **Brand Knowledge** – the sum Keller
- **Brand Identity** – desirable state Aaker

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Aaker’s Brand Identity System

BRAND IMAGE
How the brand is now perceived

BRAND IDENTITY
How strategists want the brand to be perceived

BRAND POSITION
The part of the brand identity and value proposition to be actively communicated to a target audience

3 steps to great brand management........
Understand Image

Develop Identity

Market Position

British Airways in the ’80s

Image – big but British….

Develop identity – truly global, undisputed leader in world travel

Market position – the world’s favourite airline
Brand Equity examples

- The Saturn Story – Aaker “A different kind of company, a different kind of car.”
- “For God, Country and Coca-Cola” – Mark Pendergrast, Collier Books
- Intel Corporation – Keller, appendices

Volkswagen Beetle

Understand Image – the power of nostalgia

Develop identity – update a classic, similar strategy

Market Position – “Less flower, more power”, “Drivers wanted.”

Could VW have failed?
Understanding Image

- Salience
- Easy Choice
- Differentiation
- Relevance
- Emotional Connection
- Brand Personality
- Trust

Source: Ehrenberg et al(1997) Differentiation or Salience JAR

Salience

- Awareness
- Active Brand Repertoire/consideration set’
- Positive attribute benefits

Source: Ehrenberg et al(1997) Differentiation or Salience JAR

Jack Buckner
**Measurement Fundamentals**

- Relevant Competitors
- Market Behaviour
  - Market Share
  - Distribution
  - Relative Market Price
- Assessment by Segments
  - Users v Non-users
  - Heavy v Light
  - Loyal v Vulnerable
  - Age

**Brand Personality**

- Projective techniques
  - Human characteristics, collages, psychodrawing
- Respondent led
- Sensitive to subtle differences
- Combines with User Image
- Combines with occasion Image

**Newspaper Brand Personality Study**

THE TIMES
- Likes to win
- Follows rules
- A leader

INDEPENDENT
- Friendly
- Happy
- Likes a Challenge and change
- Honest

THE GUARDIAN
- A good listener
- Thoughtful
- Peaceful

**Consumers Experience**

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Differentiation

- Attributes that are relevant, meaningful and valuable to the consumer
- “Meaningless” differentiation
- Simplification of choice
- Gets attention in a crowded market
  - Alberto Natural Silk “we put silk in a bottle”

Differentiation as a Strategy

- “Differentiate or Die” Jack Trout
- Return to the USP
- Owning attributes
- Marketing speciality
- Product / brand innovation
“Differentiators”

- Dell computers – marketing/sales strategy
- Apple – product innovation
- IKEA – retail and value
- Volkswagen – marketing and design

Using differentiation from image to identity and then position

The adidas Trefoil Study

- Understanding a brand’s image to develop a new identity
- Associations with sports logos
- Across Germany and the UK
- Sports and non-sports participants
- Different ages ranges
Background

The Trefoil
Not marketed since early 1990’s

Performance Logo
Brand on sport since 1990’s

Salomon
Freedom Action sport

Fashion / function c.1995

Price

Fashion

Function

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Jack Buckner

Fashion / function c.1998

Price

Fashion

Function

Compare logos and associations

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Key Findings

- The Equity in the Trefoil was almost as great as the Swoosh
- Despite limited marketing for the previous 10 years
- Performance logo on all sports teams athletes in 1990’s
- Performance logo in all communication (approximately £40 million pa in UK alone)
- Even amongst 15-17 year olds

Trefoil identity

- The power of authentic heritage
- The power of logos
- And “underground marketing”
The new identity

- Launch a sports fashion brand with the Trefoil
- Allow the Performance logo to represent sport
- Two separate divisions
- Two separate brands

Fashion / function c.2002

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**Link between Brand Identity and Mission/vision**

- Strong and clear identities often impact upon (or are derived from) company mission/vision
- Distinction between brand management and strategic planning
- Strong brands tend to have strong links between brand image / identity / position (internal and external)

Source: Collins & Porras “Building your company’s vision” HBR 96

**Company Vision**

- Core Ideology
  - Core values
  - Core purpose
- Envisioned Future
  - Bold Goals
  - Vivid description

Source: Collins & Porras “Building your company’s vision” HBR 96
Sony in the 1950s

Core Ideology

Core Values
Elevation of the Japanese Culture and national status
Being a pioneer – not following others, doing the impossible
Encouraging individual ability and creativity

Envisioned Future

Bold Goals
Become the company most known for changing the worldwide poor-quality of Japanese products

Vivid Description
We will create products that become pervasive around the world. We will be the first Japanese company to go into the US market and distribute directly... fifty years from now our brand names will be as well known as any in the world, signifying innovation and quality as good as any.

Purpose
To experience the sheer joy of innovation and the application of technology for the benefit and pleasure of the general public

Source: Collins & Porras “Building your company’s vision” HBR 96

Brand Elasticity

- Conflicting advice
  Narrow Brands
  Ries & Trout
  Broad Brands
  Aaker
  On the fence
  Keller

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**Elasticity**

- Moving down market is always easier than moving up market
- Moving down market is a temptation (some would say a necessity) today
- It’s hard for mass brands to niche
- Diversification is easier the stronger the core brand

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But in real life it’s messier…

- The chances are a brand’s equity will be perceived differently by different parts of the organization.
- Image, identity and position is “owned” throughout the organization.
- Sales – lower prices.
- Head office – brand purity.
- National markets – reflect local identity.
- Retailers – force competition with other brands.

Brand Equity – The Practitioners Perspective
Cleaning up equity…..

- Align finance with brand management
- Agree measures and set targets
- Contribution and brand image objectives
- Risks – marketing budgets discretionary and the easiest to cut
- Disconnections especially between HQ and country organizations