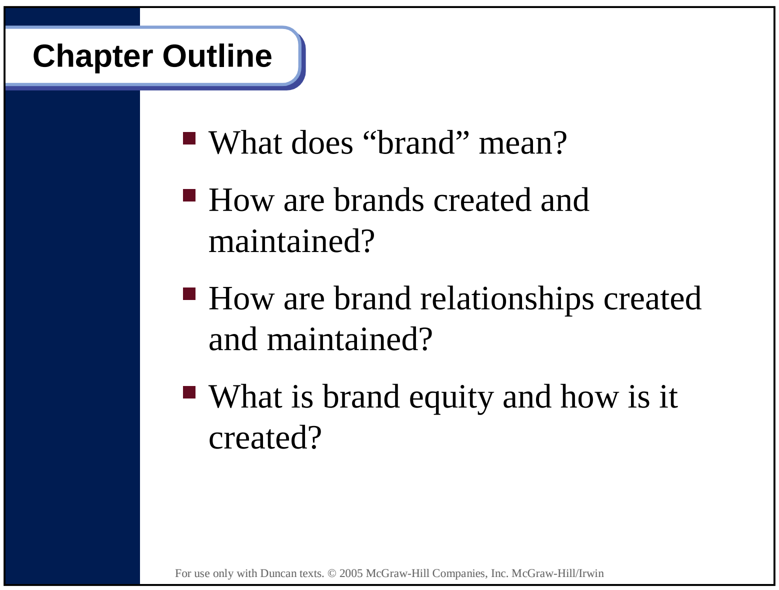
CHAPTER 3: BRANDS AND STAKEHOLDER RELATIONSHIPS

Chapter Objective
To demonstrate the value of a brand and to discuss how brands and brand relationships are created and maintained.

Chapter Key Points



This chapter addresses four fundamental issues:

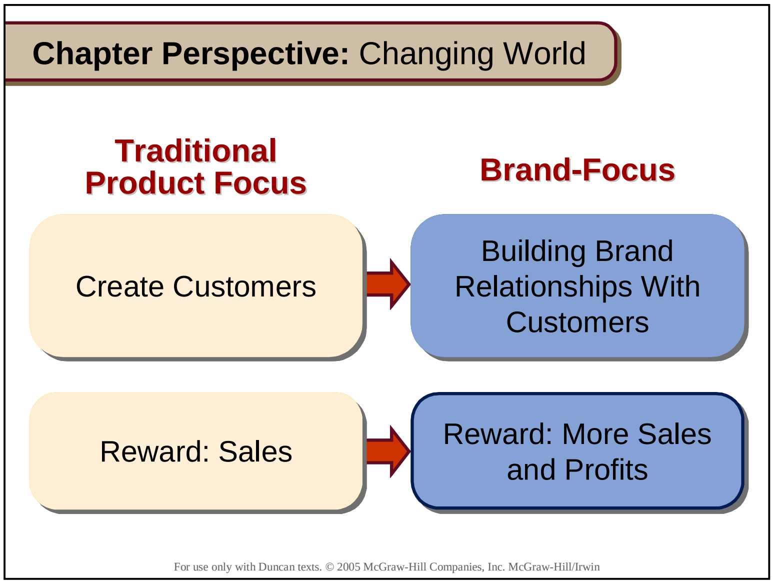
1) What does it mean to say that a brand is more than a product?
   - The chapter defines the meaning of a brand and how it differs from generic classes of products.

2) Explain the three steps in building a brand.
   - The chapter discusses the concept of brand positioning and techniques for developing brand identification and image

3) What are the key factors in creating brand relationships?
   - The chapter identifies aspects of relationship building that can be fostered by the marketer, and which arise from the consumer, as well as techniques such as Customer Relationship Management (CRM) that can be used to nurture Relationships.

4) What is brand equity and how is it affected by brand relationships?
   - The chapter defines brand equity, discusses how to build it, and ways to leverage it.

Chapter Perspective

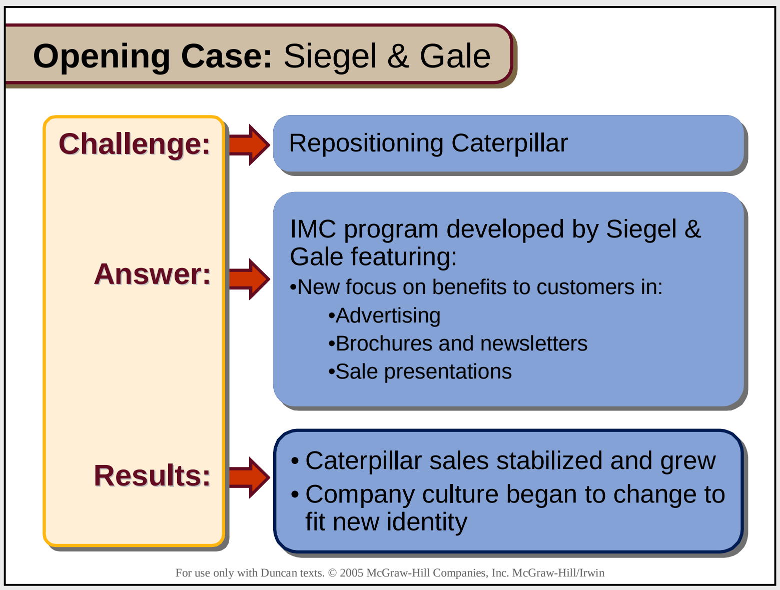


In many companies, the number one marketing priority is to create customers. As management consultant Peter Drucker explained many decades ago, when this happens, the company is rewarded by making sales. However, Drucker also said that building customer relationships, which involves a *series of interactions between customers and a company over time*, will produce more sales and profits than will focusing on sales transactions alone. This is why more companies are placing more emphasis on retaining customers.

IMC is a process; it is a means to an end. That end is brands and stakeholder relationships. IMC seeks to maximize the positive messages and minimize the negative messages that are communicated about a brand, with the objective of creating and sustaining brand relationships. But that's only one reason companies practice IMC.

Understanding how brands are built and managed requires an understanding of how relationship-building communications are created and managed. This chapter will first explain what a brand means, then describe how brands are created, and finally look at the characteristics of brand-customer relationships.

<u>IMC in Action</u>: Siegel & Gale



<u>Challenge</u>: Repositioning the Caterpillar brand

<u>Answer</u>: An IMC program developed by Siegel & Gale featuring:

– New focus on benefits to customers in:-
  - Advertising
  - Brochures and newsletters
  - Sale presentations

<u>Results:</u>

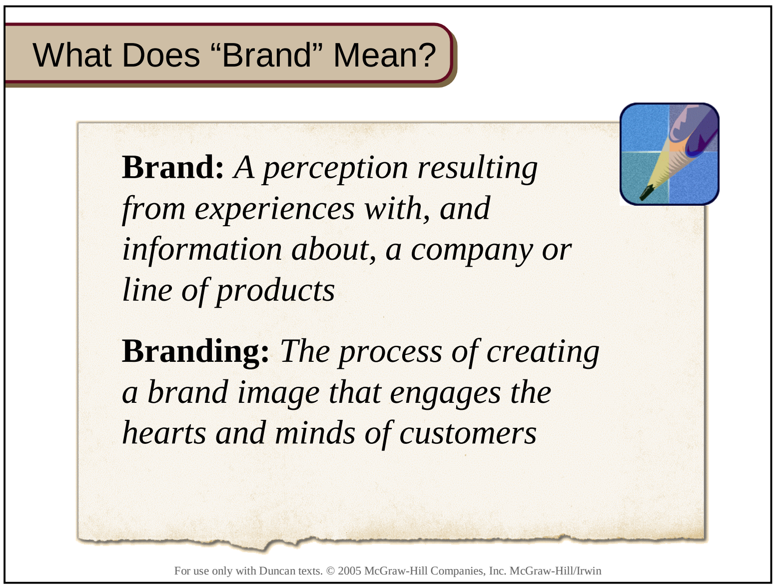
– Caterpillar sales stabilized and grew

– Company culture began to change to fit new identity

Discussion Starters:
1) What is the first thing you think of when someone says "Caterpillar?"
2) Can anyone think of the new names they have seen on heavy equipment at construction sites lately?
3) If these other brands are less expensive, what does Caterpillar need to stress if it gong to stay in business?

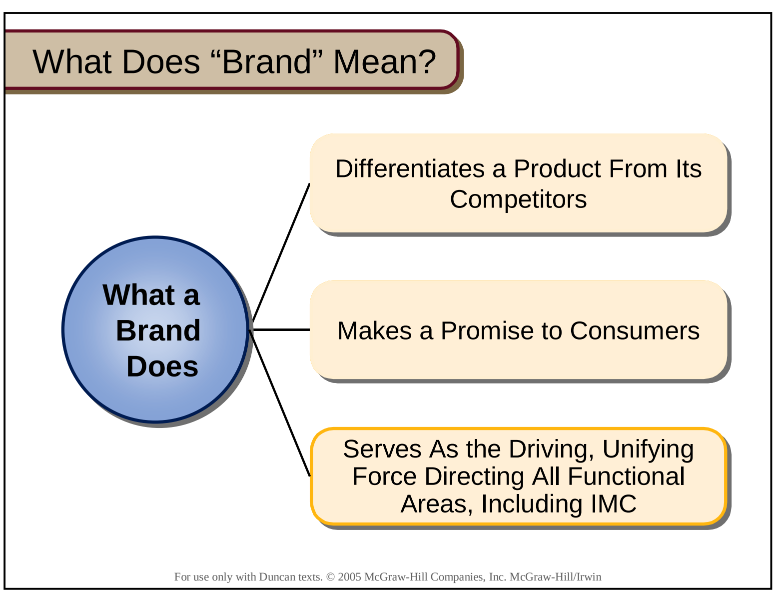
Lecture Outline

I. What "Brand" Means



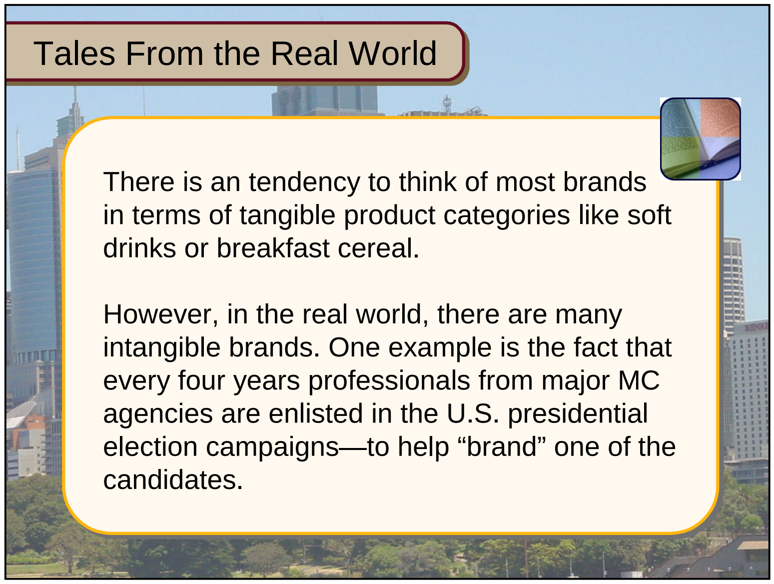
A. Definition
- A perception resulting from experiences with, and information about, a company or line of products

B. What a brand does



i. Differentiates a product from its competitors
ii. Makes a promise to consumers
iii. Serves as the driving, unifying force directing all functional areas, including IMC

TALES FROM THE REAL WORLD



There is a tendency to think of most brands in terms of tangible product categories like soft drinks or breakfast cereal.

However, in the real world, there are many intangible brands. One example is the fact that every four years, professionals from major MC agencies are enlisted in the U.S. presidential election campaigns—to help “brand” one of the candidates.

▷ INSTRUCTOR IN-DEPTH INSIGHT: NON-BRANDS

Some stores sell “unbranded” or generic products, which are *goods labeled with only the generic product name* such as “crackers,” “corn flakes,” or “milk.” Typically, such products come in plain white packages with black lettering that gives a basic product description (e.g., elbow macaroni, paper towels).

Although these generic product lines are often referred to as “unbranded,” they are in fact fairly distinctive brands. Their unique package design allows customers to recognize them easily, but more importantly, the package design cues a certain association (low-price) and a bundle of perceptions that differentiates them from competing and traditional brand-name products.

C. Branding

- The process of creating a brand image that engages the hearts and minds of customers

▷ Instructor In-Depth Insight: Other Ways Consumers View Brands

There are some products, for which brands play an indirect role. Most people who need a broom, a rake, or some other utilitarian product, for example, do not search out a brand name. More likely, they look for a particular brand of store or catalogue from which such products can be purchased. Thus, for a high-quality broom, a person might go to Superior Hardware, for a low-cost broom to Kmart, or for an exotic broom to the Smith & Hawken catalog.

Needs, wants, and desires create demand for products (e.g., medicine for a headache, a car for convenient transportation, a fancy pen to impress others). People buy products whose benefits satisfy these needs, wants, and desires. For years, good marketers emphasized the *benefits* of their products rather than the *features*. As a manufacturer of electric drills once stated, he didn't sell drills but rather holes—the benefits of the drill. One benefit is the prestige associated with a brand; that is why people don't say they just bought a car or watch but rather that they bought a "Pathfinder" or a "Rolex."

D. Brands are often represented by logos

- Distinctive graphic designs used to communicate a product, company, or organization identity

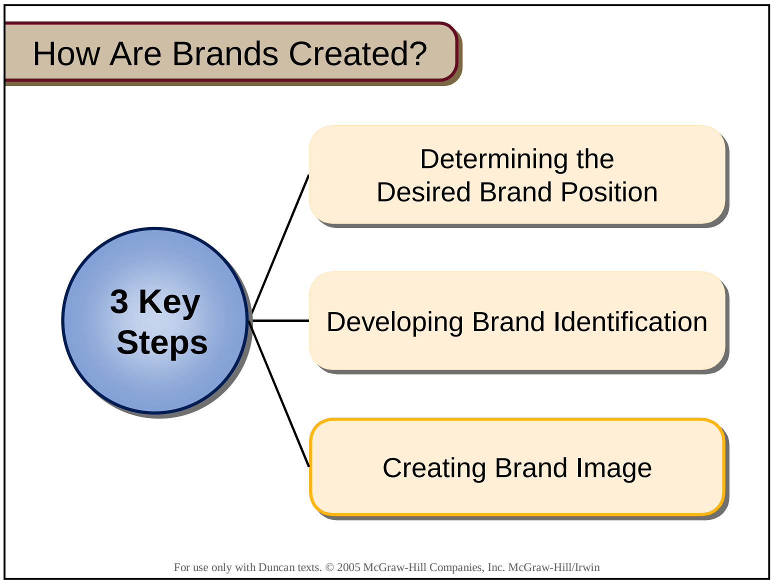
▷ INSTRUCTOR IN-DEPTH INSIGHT: PROTECTING LOGOS

Because companies invest much effort, money, and time in creating brand names and logos, brand identity elements are extremely valuable. This is why government bodies at the state, national and international level provide legal protection that guarantees companies that they have *exclusive* use of their brand names and logos. To receive this government protection, however, a company must be able to prove it was the first to use the brand name or logo. Also, by register brand names and logos with the various levels of governments, a company greatly strengthens its exclusive rights. Even though a company can show original use and proper registration of a brand or logo, it can still loose its right of exclusive use if the presentation of the brand name or logo isn't use in a consistent manner. For example, if McDonalds began displaying its golden arches (which is a registered trademark) in different colors, squared off rather than rounded, sometimes have more or less than two arches, chances are good that the courts would say that McDonald's no longer had exclusive rights to the original two, curved golden arches because they had lost their specific meaning in customers' minds.

Another way exclusivity can be lost is if a brand allows its brand name to become generic. This is a major danger with popular brands that are either first to market with a new product or dominate the sales in a product category. Check out Rollerblade's website www.rollerblade.com/about_us/html/trademark.html) for guidelines on how to use a trademark properly and protect it from abuse.

E. Brands have tangible and intangible attributes
    i. Tangible: design, performance, ingredients/components, size/shape, price, marketing communication
    ii. Intangible: value, brand image, image of stores where sold, perceptions of users of the brand

II. How Brands Are Created and Maintained

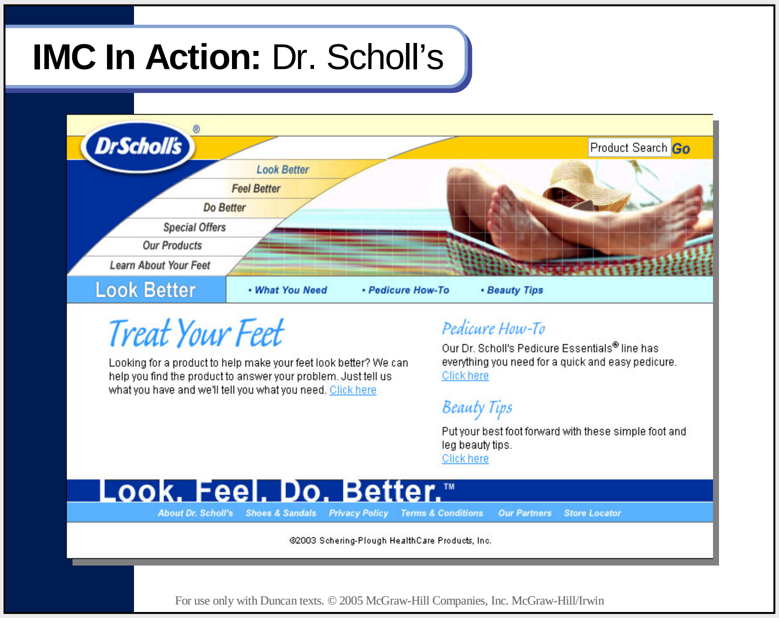


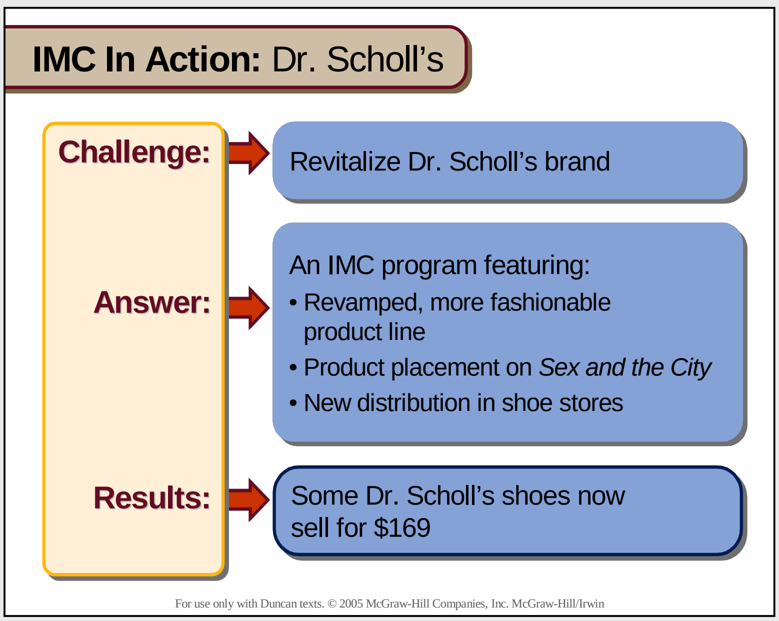
A. Determining the desired brand position
   - How a brand compares to its competitors in the minds of customers, prospects, and other stakeholders

B. Developing brand identification
   i. Some critical identification cues
      1. Brand names
      2. Brand symbols
         a. Logos
         b. Trademarks

C. Creating brand image
   - Definition
   - An impression created by brand messages and experiences and assimilated into a perception or impression of the brand

IMC in Action: Dr. Scholl's





Challenge: How to revitalize an old brand, Dr. Sholl's

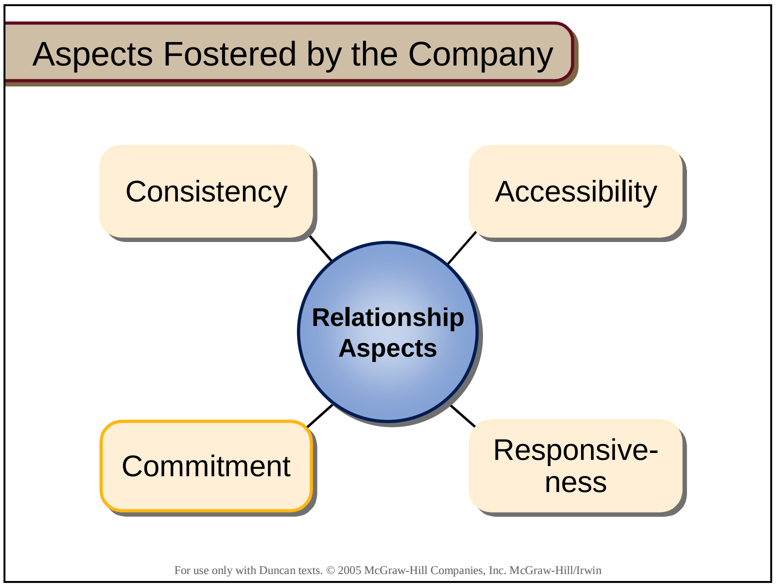
Answer: An IMC campaign featuring
- Revamped, more fashionable product line
- Product placement on *Sex and the City*
- New distribution in shoe stores

Results:
- Many consumers now view Dr. Scholl's as a trendy brand
- Some Dr. Scholl's shoes now sell for $169

Discussion Starters:
1) How many students in this class are wearing Dr. Scholl's shoes right now?
2) How many own a pair of Dr. Scholl's?
3) If you saw someone on *Sex and the City* wearing Dr. Scholl's would you willing to consider buying a pair?

III. <u>How Brand Relationships Are Created and Maintained</u>

A. Aspects fostered by the company



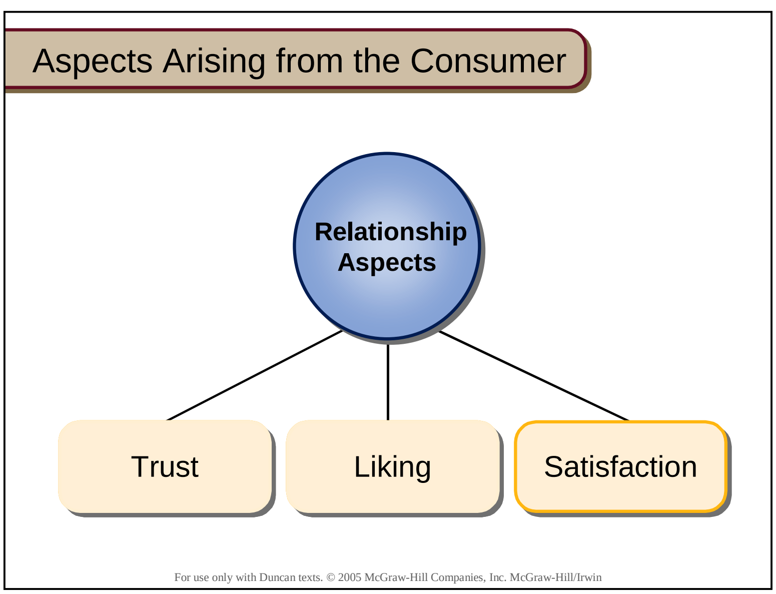
i. Consistency
   - Example: you know what to expect at every McDonald's

ii. Accessibility
   - Example: 24/7 tech support for your computer

iii. Responsiveness
   - Example: No-questions-asked product replacement policies

iv. Commitment
   - Example: Sales clerks who track down the item you need at another store location

B. Aspects arising from the consumer

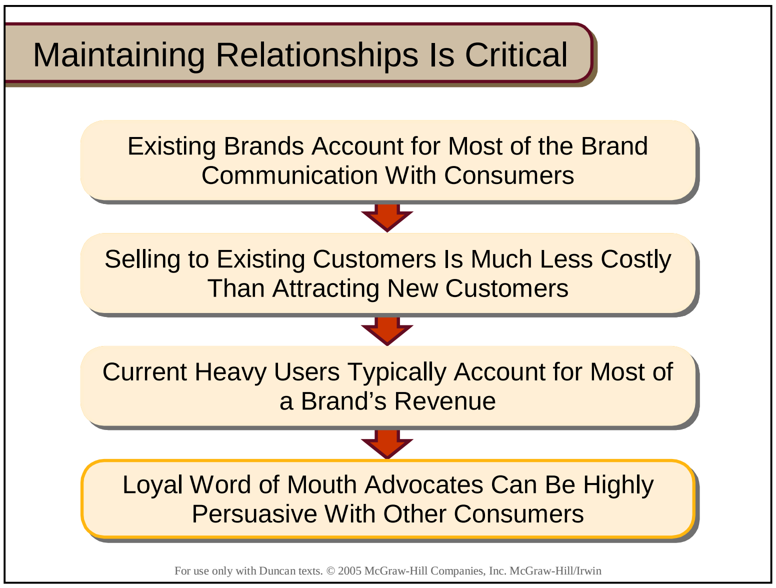


i. Satisfaction
   - Examples: the brand performs well; it has unique features not offered by other brands

ii. Liking
   - Example: positive word of mouth from consumers who like a brand

iii. Trust
   - Example: Good Housekeeping Seal of Approval

C. Maintaining relationships is critical



i. Existing brands account for most of the brand communication with consumers

ii. Selling to existing customers is much less costly than attracting new customers

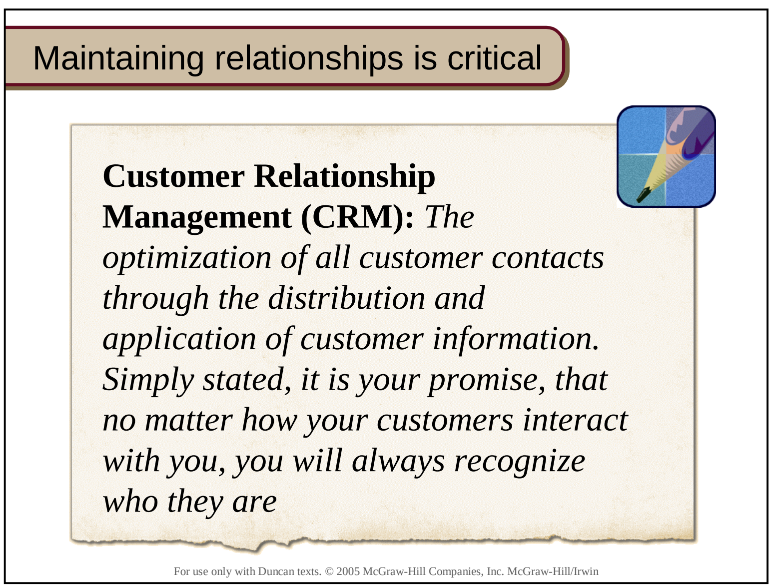
iii. Current heavy users typically account for most of a brand's revenue
   - Pareto Rule
      - 80 percent of a brand's sales come from 20 percent of its customers

▷ INSTRUCTOR IN-DEPTH INSIGHT: 80/20 CONCEPT

To illustrate the 80/20 concept, let's say that a book publisher buys $10 million dollars worth of paper a year. If you represent the International Paper Company, you want to track what percentage of this $10 million your company receives. The book publisher likes to have more than one paper supplier, for a variety of reasons (it gains multiple sources of new ideas, makes sure product is still available if one company goes on strike, keeps each supplier from taking orders for granted). As a supplier, however, what you want is the largest percentage of the publisher's paper-buying business that you can get. Your goal may therefore be to have 80 percent ($8 million) of this business.

iv. Loyal word of mouth advocates can be highly persuasive with other consumers

v. Customer Relationship Management (CRM)



- The optimization of all customer contacts through the distribution and application of customer information. Simply stated, it is your promise, that no matter how your customers interact with you, you will always recognize who they are.

▷ INSTRUCTOR IN-DEPTH INSIGHT: KEEPING CUSTOMERS HAPPY IS PROFITABLE

There are several reasons why companies focus on building brand relationships in order to retain profitable customers. As the following list shows, some of these benefits come from increasing sales, but others come from reducing costs.

It costs less to sell to a current customer. In most direct-marketing programs, a customer isn't profitable until the third time he or she buys. In B2B selling, research has shown that 80 percent of new customer sales require five or more brand contacts and that nearly two-thirds of all sales leads that turn into sales take three or more months to do so. This is why selling to current customers lowers overall selling costs.

Relationships amortize acquisition cost. In the telephone companies' recent battles for customers, for example, AT&T was offering some residential customers of other phone companies $100 to switch to AT&T. When this was added to the company's other MC expenditures, along with the processing costs of putting a new customer into its system, getting each new customer was really costing AT&T over $125. Now, say that a customer switches to another phone company five months later. The amortized $125 acquisition cost (i.e., the cost divided among those five months) is $25 a month. But if that customer had stayed with AT&T for five years, then that $125 could have been amortized over 60 months, amounting to only about $2 a month.

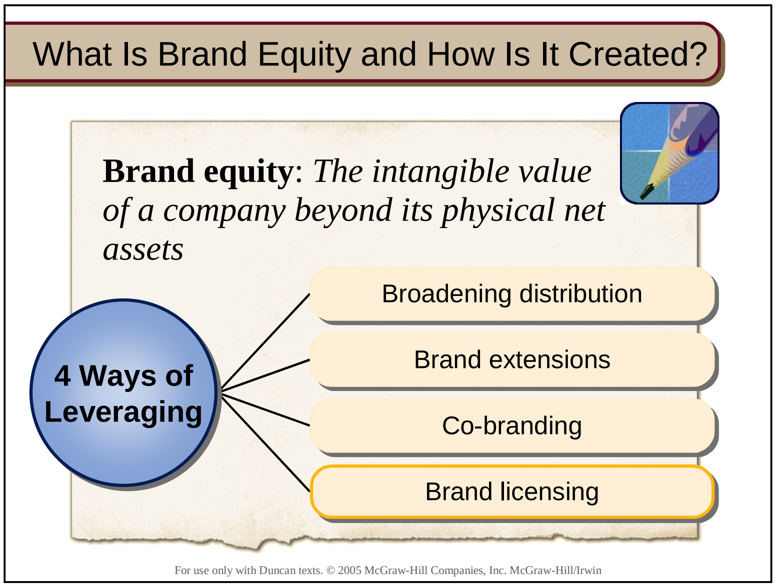
A small decrease in defections means a large increase in sales. Frederick Reichheld, of consulting firm Bain & Company, has found that decreasing customer defections by just 5 percent can boost profits per customer by 35 to 95 percent over the average lifetime of a customer.

Lost customers can cause other customers to also leave. Just as positive word of mouth is a major benefit, negative word of mouth can be very damaging. It is not unusual for unhappy customers who quit buying because they are angry with the company to tell at least 10 others of their dissatisfaction. Such negative messages far outweigh the impact of a self-promotion such as advertising.

Relationships increase value of the customer. Lifetime customer value (LTCV) is an estimate of how much a given customer contributes to a company's profit over the average number of years the average customer buys from a company. LTCV is made up of product sales and aftermarket service revenue (direct revenue), and referrals and endorsements (indirect revenue). A worldwide luxury hotel chain has estimated that its average LTCV is $175,000. A men's retail store that has done this analysis came up with an average LTCV of $100,000.

Loyal customers are more profitable. Profits per customer increase with customer longevity because the longer customers stay with a brand, the more willing they are to pay premium prices. An analysis of consumer buying data found that loyal packaged-goods customers generally are willing to pay 7 to 10 percent more than nonloyal customers.

IV. How Brands Create Equity?



A. Brand equity
   - The intangible value of a company beyond its physical net assets

B. 5 elements
   i. Brand-name awareness
   ii. Brand associations
   iii. Perceived quality
   iv. Proprietary brand assets (patents, trademarks, etc.)
   v. Brand loyalty
      - A measure of the attachment that a customer has to a brand.

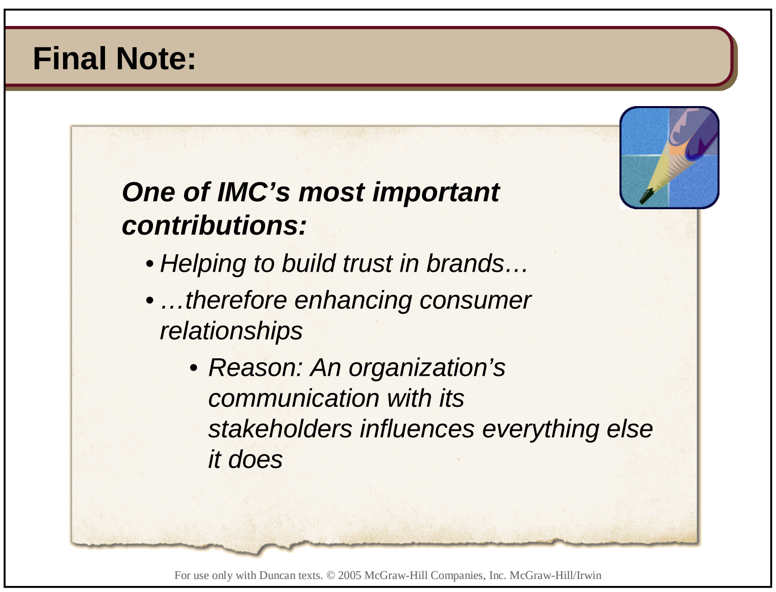
C. 4 ways of leveraging it
   i. Broadening distribution
      - Example: Starbucks' whole bean packages are now available in supermarkets
   ii. Brand extensions
      - Example: Mercedes Benz development of new M Class to enter the SUV market
   iii. Co-branding
      - Example: AT&T MasterCard
   iv. Brand licensing
      - Example: Using the name or logo of well known universities on a wide range of apparel from hats to sweatshirts

▷ INSTRUCTOR IN-DEPTH INSIGHT: STAKEHOLDERS

Although marketing's first concern is dealing with customers, it cannot ignore other stakeholders. The biggest reason comes from the increase in interactivity made possible by new communication technologies. As the practice of IMC provides customers with greater access to a company through toll-free telephone numbers, websites, and e-mail addresses, other stakeholders will also take advantage of this access, contacting customer-service and other departments with questions and complaints. Companies must be prepared to properly handle this increased interactivity with all stakeholder groups.

The strength of a brand reflects the quality of its network of relationships with its various stakeholders. An example of the importance of relationship focused marketing comes from the Internet marketing crash of 2000. Some experts believe that part of the problem was the emerging industry's tendency to focus on awareness building via expensive advertising campaigns rather than on relationship building with customers and other important stakeholders.

V. Final Note



A. One of IMC's most important contributions:
   - Helping to build trust in brands…
   - …therefore enhancing consumer relationships
      - Reason: An organization's communication with its stakeholders influences everything else it does

Answers to Review Questions

1) More Than a Product

a. What is a brand, and why is it more than just a product?
Answer: The text defines a brand as "a perception resulting from experiences with, and information about, a company or line of products." Brands can become much more than a product because they take on a life in the consumer's mind, like a familiar place. That gives a brand an edge over generic products that consumers are not familiar with.

b. Explain how brands work to transform products.
Answer: *a brand transforms products—goods as well as services—into something larger than products themselves. A pair of Wrangler jeans is different from a pair of Levi's, even if they are both denim pants. They have different personalities because of the brand image that has been created primarily by marketing communication messages. If you give your father a Gucci watch, this watch is more than a timepiece. It is a message that you care and have paid a lot of money as testament to that caring.*

c. Explain how brands work to create expectations.
Answer: *The essence of a brand is a promise. This promise sets the basis of expectation; expectation is what one considers likely to occur after buying or using a product. In the customer's mind, it is an assumed obligation or requirement on the part of a company regarding its brands. Knowledge of what the brand stands for and experiences with the brand in the past allow customers to make a quick and easy decision. That's what a promise means—you know what to expect.*

d. Define brand equity and explain how it relates to brand relationships.
Answer: Brand equity is the intangible value of a company beyond its physical net assets. Companies like FedEx and Disney that have built strong brands over many years have tremendous brand equity. In fact, the average value of all American-based, publicly-owned companies is 70 percent greater than the replacement cost of their physical assets. This additional 70 percent represents the value of brand equity.

e. How do tangible and intangible components of brand equity differ? Why is the intangible side becoming a more important factor in estimating brand equity?
Answer: Tangible attributes are those you can observe or touch such as the product's design, performance, ingredients/components, size, shape, and price, whereas a brand's intangibles attributes include its perceived value, image, consumer memories associated with the brand, and even the perceptions and impressions of those who use the brand.

The intangible aspects are becoming more important in brand building for two reasons: they are hard for competitors to copy and they are more likely to involve consumers emotionally.

f. Analyze your brand relationships: Are there any brands that you buy consistently? Are there any product categories where you choose from a set of brands, any one of which is acceptable? Are there any product categories where you have no preference whatsoever about the brand? What's the difference among these three types of categories?
Answer: Student responses will vary widely on this question. A good way to encourage discussion is to go ask students to identify an example from their own life of a brand in each of the three categories. Then, in a small class, ask each student to identify their brands aloud; in a larger class, select students randomly.

2) Brand-Building Steps

a. List and explain the brand-building steps
Answer: The first step is to The first and most important is determining a desired brand positioning. This position will help make you different from your competitors. The second step is developing the brand's identification. This includes the tasks for developing a unique name, logo and/or trademark for your brand. The third step is creating a brand image that is desirable and unique versus your competitors.

b. What is a brand position?
Answer: A brand position is how a brand compares to its competitors in the minds of customers, prospects, and other stakeholders. The positioning concept points suggests that customers, being aware of several brands in a product category, automatically compare and rank those brands according to perceived differences among them. For example, when people think of cars, they might think of Volvo as being the safest, Corvette as being the sportiest, and Ford as being the most practical. These are the "positions" that each of these brands holds.

c. In choosing a brand name, what's the difference between using a benefit description strategy and an association strategy?
Answer: A benefit description strategy builds the desired result of using the brand right into its name. For example, Slim-Fast not only promises weight loss (Slim) but promises it immediately (Fast). As for Head & Shoulders, the name says this product is for people who worry about ugly dandruff falling onto their shoulders. An association strategy tries to link the brand name to a concept that already exists in consumers' minds. For example. Subaru chose "Outback" for the name for its rugged off-road SUV hoping the name would evoke the fun and adventure of the Australian wilderness.

d. What is a trademark, and what is its role in a brand identity program?

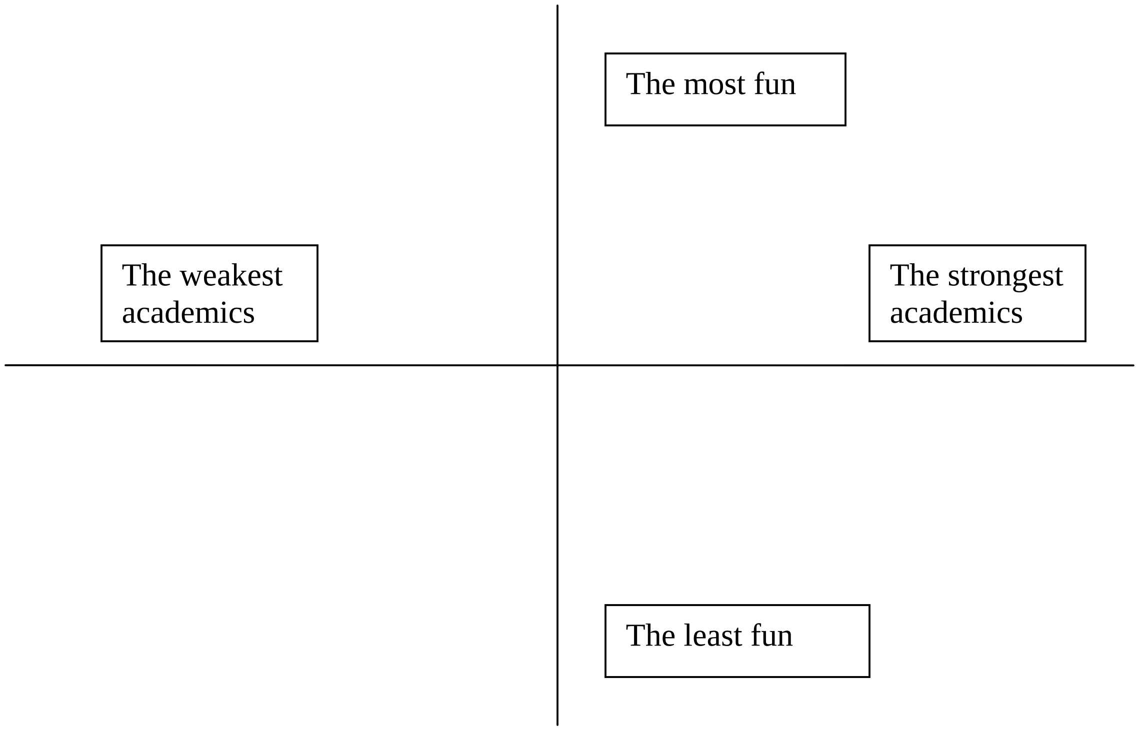
Answer: A trademark is similar to, but broader than, a logo. A trademark is any element, word(s) or design that differentiates one brand from another, such as the hourglass design of a Coke bottle or ATT's four-note jingle. The literal meaning of trademark is a "mark" of a "trade." A company has exclusive use of a trademark either by using it first and consistently and/or by registering it with a government agency.

e. What is a brand image?

Answer: A brand image is an impression created by brand messages and experiences and assimilated into a perception or impression of the brand. An image is also a statement of a brand's personality. For example, Harley-Davidson, with its spread-winged eagle symbol represents more than just a motorcycle because it has a brand personality that appeals individuals who want (permanently or temporarily) to be non-conformists. The reason an image adds value to a brand is because the brand's image can communicate something about the buyer to other people.

f. Using the perceptual map below, plot the positions of three universities you considered attending in terms of the two decision factors of Academics and Fun. Rate each university from 1-10 and then. plot their locations on the map. What other decision factors impacted upon your choice of school?

Answer: This question could provide the opportunity for a fun class activity. One idea is to appoint a student to create the blank map on the board, using the Academics and Fun factors. Then create a list of 5-10 universities members of the class considered attending and ask the class to rate each one on a 1-10 scale for each factor. The student can then plot the positions of each school on the map to illustrate the concept.



3) Brand Relationship Characteristics

a. What are the key characteristics of a successful brand relationship program?
Answer: The text describes seven characteristics that link a customer to a company in a brand relationship. From the company perspective, they include consistency, accessibility, responsiveness, and commitment. From the customer perspective, they include satisfaction, trust and liking.

b. Explain the two sides of a brand relationship and explain how different characteristics are associated with different sides of the relationship.
Answer: In order for the relationship to be successful, a company must excel in the four areas noted earlier (consistency, accessibility, responsiveness, and commitment), assuming the rest of the 4P's for the brand are satisfactory. If the company accomplishes this, consumers will respond with the three factors also noted earlier (satisfaction, trust and liking). These are the hallmarks of a successful long term brand relationship.

c. Why do mangers need to think about both acquisition and retention strategies? Is it more expensive to make a first sale or a repeat sale? Why?
Answer: Managers of some organizations, particularly new ones, or those launching new products, must necessarily focus on acquiring new customers. But as the shift from acquisition to retention occurs, both the message strategy and the media of communication will change. For example, brand acquisition is often

seen as a responsibility of advertising and mass media communication, which are good at delivering awareness. A retention strategy, however, will rely on more personal forms of communication, such as personal sales, direct media, customer service, and the Internet. It will open the door for the customer-initiated messages you would expect to see in a conversation or dialogue.

Making a sale to a current customer is far less expensive than making a sale to a new customer. One way of explaining why is the "leaky bucket theory." Imagine you have a bucket and it's your job to keep it filled with water. If the bucket has holes it, there are two ways to keep it filled—constantly add new water or stop up the holes. The job becomes much easier if you stop up the holes—or in other words, simply retain your current customers.

d. Have you ever been exceptionally disappointed (or, if not, exceptionally pleased) by Explain the five levels of relationship bonding.

Answer: This is another question that will elicit many different responses from students. One idea to stimulate classroom discussion is to ask each student in the class to select a brand and then identify which level of relationship bonding they feel with the brand.

The five levels of bonding from which to select begin with awareness and move through identifying with the brand, being connected and in communication with the brand, being part of a brand community, and, finally, being an advocate for a brand.

e. Explain the concept of share of wallet.

Answer: Companies frequently conduct studies to determine the level of brand awareness, the level of perceived brand quality, and the nature and quality of brand associations. They also measure brand loyalty by determining the percentage of a customer's category purchases and repeat purchases. For example, how many times do you buy a Snickers when you buy a candy bar? If it's one out of every four, then Snickers has a 25% share of wallet for your candy bar purchases.

f. Why are employees considered to be a key stakeholder group?

Answer: Employees are a key stakeholder group because they not only produce (or acquire) the goods and services a company sells, those who interact directly with customers are perceived by customers as "being the company." Some executives, especially in the service industry, believe that employees, rather than customers, should be a company's number one priority. The rationale is hat unless employees know their job, feel they are being treated fairly by the company, feel like part of a team, and find meaning in their work, they are not going to provide excellent service to customers.

g. Why is loyalty important and what rewards does a brand reap from loyal customers?

Answer: Brand loyalty is critical because a small number of a brand's most loyal customers, known as heavy users, account for a large percentage of the brand's *sales and profits. Heavy users are those customers who buy an above-average amount of a given product. Although the precise ratio varies for every company, the a minority of a company's customers reward the organization with a majority of its sales and profits.*

h. What needs to happen to turn stakeholders into brand advocates?
Answer: One of the benefits of loyal stakeholders is that these people will likely say good things about the company or brand. Advocates for a brand tend to communicate positively with prospects, and thereby generate referrals for the company. This word-of-mouth on behalf of a brand is highly persuasive. Unfortunately, this type of loyalty is not easily achieved. Organizations must try to lead consumers through the five steps noted in question (d) above.

i. Explain why all stakeholders are important and what problem is created when the interests of all stakeholders are not considered in brand relationship programs.
Answer: Although marketing's job is to build relationships with customers, marketing must be aware that it is part of a company and that the entire company must build relationships with all stakeholders. Any group of stakeholders can affect a company's sales and profits and therefore should be taken into consideration when creating and sending brand messages. What a company does affects them, and what they do can likewise affect the company.

j. Think of a personal experience you have had as a customer. Explain your feelings about that experience. From the list of brand relationship characteristics, which ones seem to be the most fragile in your experience?
Answer: Again, student responses will vary, but a good idea is to ask students to select a brand and then identify which of the three consumer-generated brand relationship characteristics (performance satisfaction, brand liking and trust) is the weakest in their own relationship with their brand.

4) Brand Relationships and Brand Equity

a. Explain how the support of each stakeholder group affects brand equity.
Answer: The answer to this question is very similar to the one in 3 (i) above. All stakeholders are critical, including customers, employees, suppliers, channel members (distributors and retailers), the media, MC agencies (for those companies that use agencies), government regulators, the communities in which a business is located, and the financial community and investors, and special interest groups. The key reason why is that any one group has the potential to contaminate the equity of a brand in the minds of the other groups – therefore endangering the brand's overall value.

b. Why are brand extensions used, and what do they contribute to a brand from an IMC perspective?
Answer: Brand extensions are the application of an established brand name to new

product offerings. They are generally most successful when they involve similar products. A good example is how premium car manufacturers such as BMW, Lexus, and Mercedes Benz have within the last few years extended their brand onto SUVs, a product category that had been dominated for years by Ford, Chevrolet, Nissan, and Toyota.

c. How are multi-tier, co-branding, and ingredient branding different from one another?
Answer: Co-branding is similar to multi-tier branding in the sense that it uses two or more brand names, but it is different because the brands are owned by separate companies. Both concepts provide the customer value from each of the brands. Multi-tier branding includes examples like the IBM ThinkPad, Kellogg's Corn Flakes, and Glad Cling Wrap. Co-branding involves a contractual relationship between two marketing partners, such as Visa and United Airlines' Mileage Plus programs. Ingredient branding is different from both of the above concepts because it focuses on the brand name of a product <u>component</u> *in the promotion of another company's product. The Intel Inside message used by various computer hardware manufacturers is a good example; the manufacturers hope to reinforce the quality of their finished products by featuring the maker of the most important component in the computer: the processing chip.*

d. What is the key problem brand licensing creates for IMC programs?
Answer: The beauty of brand licensing is that the company owning the brand can continue to use it while also collecting a fee for the brand's use by another company. An example most students are familiar with is the licensing of a university's name, logo, and mascot to apparel makers. Well-known universities have generated hundreds of thousands of dollars from licensing. The key problem for IMC programs is that it is hard to control the use of the brand. In some instances, the organization's brand might even be used by those who may not have the brand's best interests in mind. Consequently, monitoring brand licensing is critical to maintain a consistent brand image.

e. If you were responsible for a chain of fast-food restaurants, what relationship policies would you establish for your employees? What suggestions would you make to better motivate the employees and increase the positive aspect of this contact point with customers?
Answer: Students will have varied answers to this question based on their different life experiences. Since many students have already worked in the foodservice industry, one idea would be to identify those individuals, and give them a few minutes to think about two issues, and then discuss them with the class: first, to identify the types of relationship policies that are already in place at the organizations where they work(ed); and second, to identify one suggested improvement to these policies to increase employee interactions with customers.

Chapter Challenge

<u>Writing Assignment</u>
Pick a company and identify what things it does or does not do to help build and maintain a good relationship with customers. Make recommendations for improving these relationship-building practices.

<u>Presentation Assignment</u>
Select a successful brand and identify all the elements that help make it a good brand. Chart these and indicate visually which are the more important.

<u>Internet Assignment</u>
Visit the Amazon.com and Barnesandnoble.com websites. Analyze how these two brands are presented on their sites. Is there a strong sense of brand identity? What relationship-building techniques do they use with their customers? Write a report on dot-com branding based on what you have learned from these two companies.

<u>Case Assignment</u>
What stores do you frequent that use loyalty cards? Pick one, interview the store manager, and write up a case explaining the role of the loyalty card in the retail chain’s marketing communication program. Explain how the store could make this card a more effective relationship-building tool.

<u>Research Assignment</u>
From your reading of books and articles on branding and relationship marketing, develop a set of interview questions that you would use to diagnose the state of your favorite brand’s customer relationships.

<u>IMC Plan Team Assignment</u>
Ask students to complete the attached form as part of the semester-long project for a local not-for-profit organization. This form asks students to conduct survey research to establish the current position of their brand versus other competitors. One suggestion is to have the students develop a questionnaire that they would administer to members of the target audience for their brand. A suggested sample size would be 50 or more individuals. Questionnaire items would be designed to capture data indicating which factors are the most important to the target audience when they consider purchasing products like the one being studied, and then to capture data on how well the students’ brand and 2-3 key competitors are perceived by the target audience on each factor.

Students can then use this data to determine the top two factors for creating a two-dimensional perceptual map, similar to the one discussed in the chapter. The most interesting part of the assignment is the use of the perceptual data on each of the brands for each of the top two factors to plot each brand’s position on the map. This provides the students with a graphic way to understand the concept of positioning for their brand.

IMC Final Project Checklist #3

Due Date:________________

☐ **Your Agency Name:**

☐ **Research findings from a survey, which must include at least:**

a) *Data that identifies the most important motivators for your type of product for the target audience. Examples would include price, taste, comfort, quality, style, and performance among others.*

b) *Data that measure the relative attitudes of the target audience toward your brand and 2-3 key competitors regarding <u>each</u> of the motivators.*

☐ **Current positioning based upon the research findings above**

a) *Plot a perceptual map, using the two highest scoring motivators for your type of product from section (a) above (price and taste, for example) as the two axes. Then, using the data from (b) above, plot the position or your brand and those of 2-3 key competitors on the map.*