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part two

Marketing Mix Decisions

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chapter eight

8

Managing products: brand and corporate identity management

“. . . a rose
By any other name would smell as sweet.”

SHAKESPEARE, *Romeo and Juliet*

“Or would it?”

ANONYMOUS

Learning Objectives

This chapter explains:

1. The concept of a product, brand, product line and product mix
2. The difference between manufacturer and own-label brands
3. The difference between a core and an augmented product (the brand)
4. Why strong brands are important
5. How to build strong brands
6. The differences between family, individual and combined brand names, and the characteristics of an effective brand name
7. Why companies rebrand, and how to manage the process
8. The concepts of brand extension and stretching, their uses and limitations
9. The two major forms of co-branding, and their advantages and risks
10. The arguments for and against global and pan-European branding, and the strategic options for building such brands
11. The dimensions of corporate identity
12. The management of corporate identity programmes
13. Ethical issues concerning products

The core element in the marketing mix is the company's product because this provides the functional requirements sought by customers. For example, a watch that does not tell the time or a car that does not start in the morning will rapidly be rejected by consumers. Marketing managers develop their products into brands that help to create a unique position (see Chapter 7) in the minds of customers. Brand superiority leads to high sales, the ability to charge price premiums and the power to resist distributor power. Firms attempt to retain their current customers through brand loyalty. Loyal customers are typically less price sensitive, and the presence of a loyal customer base provides the firm with valuable time to respond to competitive actions.[1] The management of products and brands is therefore a key factor in marketing success.

This chapter will explore the nature of products and brands, and the importance of strong brands. Given that importance, the ways in which successful brands are built will be revealed. Then a series of key branding decisions will be examined: brand name strategies and choices, rebranding, brand extension and stretching, and co-branding. Next, the special issues relating to global and pan-European branding will be analysed. Finally, corporate identity management, an area that is gaining increasing attention among corporate brand managers, is discussed.

Products and brands

A product is anything that is capable of satisfying customer needs. In everyday speech we often distinguish between products and services, with products being tangible (e.g. a car) and services mainly intangible (e.g. a medical examination). However, when we look at what the customer is buying, it is essentially a service whether the means is tangible or intangible. For example, a car provides the service of transportation; a medical examination provides the service of a health check. Consequently, it is logical to include services within the definition of the product. Hence, there are *physical products* such as a watch, car or gas turbine, or *service*

This award-winning advertisement for Land Rover associates the brand with toughness and durability.

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8.1 e-marketing

Branding by Association

British Telecom (BT) is one of the major suppliers of broadband connections in the United Kingdom. In fact, to receive the main broadband technology (ADSL, which stands for Asynchronous Digital Subscriber Line), and regardless of the company that supplies the broadband service, BT must first enable the nearest telephone exchange to the user base. BT is integral to broadband deployment in the UK and has made a huge investment in broadband technology, including promoting the use of broadband to the public through some high-profile television advertising.

BT (through the BT Openworld network) has recently sponsored and/or developed some important content websites, including Games Domain (www.gamesdomain.co.uk) and DotMusic (www.dotmusic.com)—review sites in games and pop music, respectively. Why should a telecommunications company become involved in content areas where it has little or no prior experience?

The reason is simple. Through associating BT with key broadband uses, the company should benefit from greater uptake and associate the BT brand with use and connection. Both games and music or, more importantly, online gaming and mp3 downloading are still the strongest reasons for many to get broadband.

Can you think of other websites with which BT or other broadband suppliers will associate in the future? To help you in this task, remember that other key features of broadband include the transfer of large files, the use of remote software applications, an always-on connection, videoconferencing, online chatting and e-learning; think of key sites in these areas.

products such as medical services, insurance or banking. All of these products satisfy customer needs—for example, a gas turbine provides power and insurance reduces financial risk. The principles discussed in this chapter apply equally to physical and service products. However, because there are special considerations associated with service products (e.g. intangibility) and as service industries (e.g. fast-food restaurants, tourism and the public sector) form an important and growing sector within the EU, Chapter 21 is dedicated to examining services marketing in detail.

Branding is the process by which companies distinguish their product offerings from the competition. By developing a distinctive name, packaging and design, a **brand** is created. Some brands are supported by logos—for example, the Nike ‘swoosh’ and the prancing horse of Ferrari. By developing an individual identity, branding permits customers to develop associations with the brand (e.g. prestige, economy) and eases the purchase decision.[2] The illustration featuring Land Rover shows how the company associates the brand with toughness and durability. The marketing task is to ensure that the associations made are positive and in line with the chosen positioning objectives (see Chapter 7). The importance of creating positive associations for a brand is illustrated in e-Marketing 8.1, which explains how BT is attempting to associate its brand with being the first name in broadband Internet connection.

Branding affects perceptions since it is well known that in blind product testing consumers often fail to distinguish between brands in each product category, hence the questioning of Shakespeare’s famous statement at the start of this chapter.

The word ‘brand’ is derived from the Old Norse word ‘brandr’, which means ‘to burn’ as brands were and still are the means by which livestock owners mark their animals to identify ownership.[3]

The product line and product mix

Brands are not often developed in isolation. They normally fall within a company's product line and mix. A **product line** is a group of brands that are closely related in terms of their functions and the benefits they provide (e.g. Dell's range of personal computers or Philips Consumer Electronics line of television sets). The *depth* of the product line depends upon the pattern of customer requirements (e.g. the number of segments to be found in the market), the product depth being offered by competitors, and company resources. For example, although customers may require wide product variations, a small company may decide to focus on a narrow product line serving only sub-segments of the market.

A **product mix** is the total set of brands marketed in a company. It is the sum of the product lines offered. Thus, the *width* of the product mix can be gauged by the number of product lines an organization offers. Philips, for example, offers a wide product mix comprising the brands found within its product lines of television, audio equipment, video recorders, camcorders, and so on. Other companies have a much narrower product mix comprising just one product line, such as TVR, which produces high-performance cars.

The management of brands and product lines is a key element of product strategy. First, we shall examine the major decisions involved in managing brands—namely the type of brand to market (manufacturer vs own-label), how to build brands, brand name strategies, brand extension and stretching, and the brand acquisition decision. Then we shall look at how to manage brands and product lines over time using the product life cycle concept. Finally, managing brand and product line portfolios will be discussed.

Brand types

The two alternatives regarding brand type are manufacturer and own-label brands. **Manufacturer brands** are created by producers and bear their own chosen brand name. The responsibility for marketing the brand lies in the hands of the producer. Examples include Kellogg's Cornflakes, Gillette Sensor razors and Ariel washing powder. The value of the brand lies with the producer and, by building major brands, producers can gain distribution and customer loyalty.

A fundamental distinction that needs to be made is between category, brands and variants (see Fig. 8.1). A category (or product field) is divided into brands, which in turn may be divided into variants based on flavour, formulation or other feature.[4] For example, Heinz Tomato Soup is the tomato variant of the Heinz brand of the category 'soup'.

Own-label brands (sometimes called distributor brands) are created and owned by distributors. Sometimes the entire product mix of a distributor may be own-label (e.g. Marks & Spencer's original brand name St Michael) or only part of the mix may be own-label as is the case with many supermarket chains. Own-label branding, if associated with tight quality control of suppliers, can provide consistent high value for customers, and be a source of retail power as suppliers vie to fill excess productive capacity with manufacturing products for own-label branding. The power of low-price supermarket own-label brands has focused many producers of manufacturer brands to introduce so-called **fighter brands** (i.e. their own low-price alternative).

A major decision that producers have to face is whether to agree to supply own-label products for distributors. The danger is that, should customers find out, they may believe that there is no difference between the manufacturer brand and its own-label equivalent. This led some companies, such as Kellogg's, to refuse to supply own-label products for many years. For

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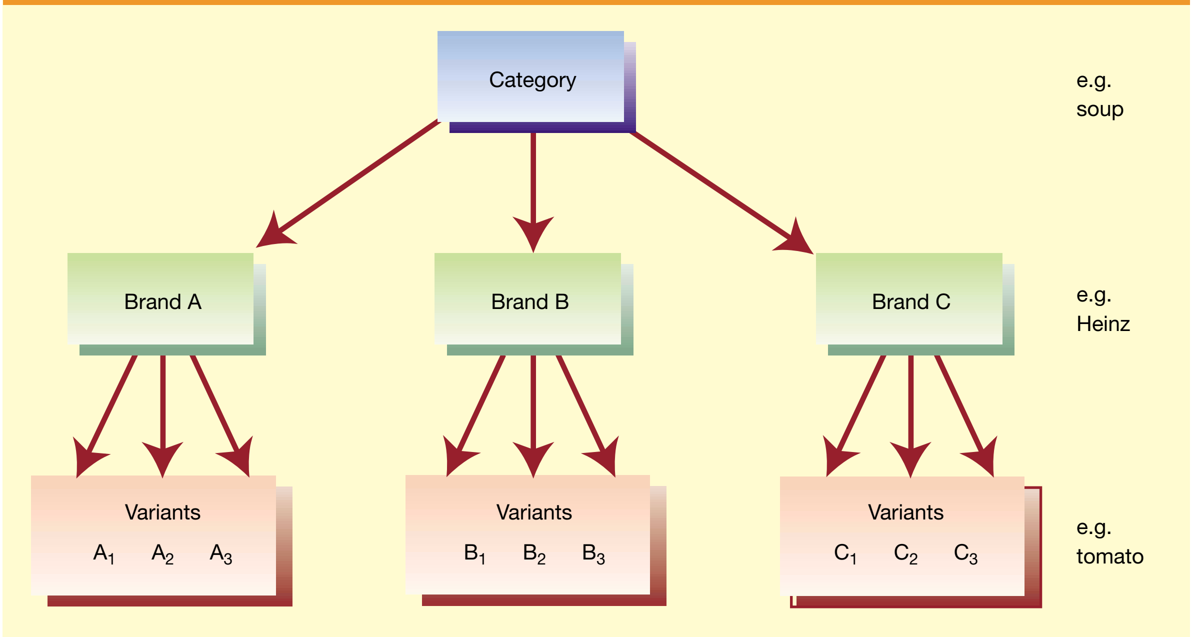
Figure 8.1 Categories, brands and variants



8.1 marketing in action

Own-label Copycatting

It is what every owner of a manufacturer's brand dreads. The brand has been thoroughly researched, the marketing team has sweated over the right product, advertising and direct marketing strategy, and the launch has been successful, with high distribution and sales levels. The brand is a hit with consumers, and the board is well pleased. Until, that is, an own-label brand bearing an uncanny resemblance to the successful new brand suddenly appears on the supermarket shelves—at a cheaper price. This was the situation facing Walkers when its successful Sensations premium crisp brand, which took 18 months to develop at a cost of £2 million (€2.9 million) with a further £9 million (€13 million) being spent on a marketing campaign, suddenly found itself competing with an own-label supermarket brand, Tesco Temptations, with similar packaging.

Such threats to manufacturers' brands are not taken lightly. McVitie's took the supermarket chain Asda to court claiming that the latter's Puffin chocolate bar was an illegal copycat of its own Penguin brand in both name and package design. The judge ruled that the image of a puffin must be removed from the packaging but stopped short of forcing Asda to change the brand name.

Coca-Cola was also threatened by Sainsbury's, which launched its own-label brand Classic Cola in a can coloured red and white with a swirling logo that bore a close resemblance to the Coca-Cola design. In this instance commercial pressure rather than the courts forced Sainsbury's to redesign its can and restore Coke's share of shelf space, which had been halved to make way for Classic.

If a manufacturer resorts to the legal system to protect a brand, it needs to show that three conditions have been met:

1. that the brand has built up a reputation with consumers
2. that misrepresentation has taken place in that one trader is presenting its goods as being the goods of another trader
3. that the misrepresentation has resulted in damage or loss of sales.

Based on: Benady (2002);[5] Charles (2003);[6] Smith (2002)[7] other producers, supplying own-label goods may be a means of filling excess capacity and generating extra income from the high sales volumes contracted with distributors.

Some own-label brands have courted controversy by imitating the labelling and packaging of manufacturer brands. Marketing in Action 8.1 gives some examples of such copycat brands.

Why strong brands are important

Strong brands, typically product category leaders, are important to both companies and consumers. Companies benefit because strong brands add value to companies, positively affect consumer perceptions of brands, act as a barrier to competition, improve profits and provide a base for brand extensions. Consumers gain because strong brands act as a form of quality certification and create trust. We shall now look at each of these factors in turn.

Company value

The financial value of companies can be greatly enhanced by the possession of strong brands. For example, Nestlé paid £2.5 billion (€3.6 billion) for Rowntree, a UK confectionery manufacturer, a sum that was six times its balance sheet value. Nestlé was not so much interested in Rowntree's manufacturing base as its brands—such as KitKat, Quality Street, After Eight and Polo—which were major brands with brand-building potential. Another example is Coca-Cola, which attributes only 7 per cent of its value to its plants and machinery—its real value lies in its brands.[8]

Consumer perceptions and preferences

Strong brand names can have positive effects on consumer perceptions and preferences. Marketing in Action 8.2 describes evidence from the soft drinks and car markets, which shows how strong brands can influence perception and preference. Clearly, the strength of Diet Coke and Toyota as powerful brand names influenced perception and preference in both markets.

Barrier to competition

The impact of the strong, positive perceptions held by consumers about top brands means it is difficult for new brands to compete. Even if the new brand performs well on blind taste testing, as we have seen, this may be insufficient to knock the market leader off the top spot. This may be one of the reasons Virgin Coke failed to dent Coca-Cola's domination of the cola market. The reputation of strong brands, then, may be a powerful barrier to competition.

High profits

Strong, market-leading brands are rarely the cheapest. Brands such as Heinz, Kellogg's, Coca-Cola, Mercedes, Nokia and Microsoft are all associated with premium prices. This is because their superior brand equity means that consumers receive added value over their less powerful rivals. Strong brands also achieve distribution more readily and are in a better position to resist retailer demands for price discounts. These forces feed through to profitability. A major study of the factors that lead to high profitability (the Profit Impact of Marketing Strategy project) shows that return on investment is related to a brand's share of the market: bigger brands yield higher returns than smaller brands.[11] For example, brands with a market share of 40 per cent

8.2 marketing in action

Strong Brand Names Affect Consumer Perceptions and Preferences

Two matched samples of consumers were asked to taste Diet Coke, the market leader in diet colas, and Diet Pepsi. The first group tasted the drinks 'blind' (i.e. the brand identities were concealed) and were asked to state a preference. The procedure was repeated for the second group, except that the test was 'open' (i.e. the brand identities were shown). The results are presented below.

	Blind	**Open**
	%	%
Prefer Diet Pepsi	51	23
Prefer Diet Coke	44	65
Equal/can't say	5	12

This test clearly shows the power of strong brand names in influencing perceptions and preferences towards Diet Coke.

A second example comes from the car industry. A joint venture between Toyota and General Motors (GM) resulted in two virtually identical cars being produced from the same manufacturing plant in the USA. One was branded the Toyota Corolla, and the other GM's Chevrolet Prizm. Although the production costs were the same, the Toyota was priced higher than the Chevrolet Prizm. Despite the price difference, the Toyota achieved twice the market share of its near identical twin. The reason was that the Toyota brand enjoyed an excellent reputation for reliable cars whereas GM's reputation had been tarnished by a succession of unreliable cars. Despite the fact that the cars were virtually the same, consumers' perceptions and preferences were strongly affected by the brand names attached to each model.

Based on: De Chernatony and McDonald (1998);[9] Doyle (1998)[10]

generate, on average, three times the return on investment of brands with only 10 per cent market share. These findings are supported by research into return on investment for US food brands. The category leader's average return was 18 per cent, number two achieved 6 per cent, number three returned 1 per cent, while the number four position was associated with a –6 per cent average return on investment.[12]

Base for brand extensions

A strong brand provides the foundation for leveraging positive perceptions and goodwill from the core brand to brand extensions. Examples include Diet Coke, Pepsi Max, Lucozade Sport, Smirnoff Ice, Microsoft Internet Explorer and Lego Spybotics. The new brand benefits from the added value that the brand equity of the core brand bestows on the extension. There is a full discussion of brand extensions later in this chapter.

Quality certification

Strong brands also benefit consumers in that they provide quality certification, which can aid decision-making. The following example illustrates the lengths consumers will go to when using strong brands as a form of quality certification. In the old Soviet Russia all television sets were made in two manufacturing plants. The sets were apparently unbranded and were made to the same design. The problem was that some of these sets were unreliable, causing a lot of customer annoyance. Consumers learnt that the problems were arising from television sets made by one of the plants, while the other made reliable sets. The question was how to tell whether a particular set was made by the reliable or unreliable manufacturer. Although they looked the same, consumers discovered that each set had a code printed on the back that identified its source. In effect the code was acting as a brand identifier and consumers were using it as a form of quality certification.

Trust

Consumers tend to trust strong brands. The Henley Forecasting Centre found that consumers are increasingly turning to 'trusted guides' to manage choice. A key 'trusted guide' is the brand name and its perceptual associations. When consumers stop trusting a brand, the fallout can be catastrophic as when the once strong Marks & Spencer brand lost the trust of many of its customers. Happily, the brand is regaining that trust under new management. The lesson is never to do anything that might compromise the trust held by consumers towards a brand. Europe's most trusted brands in 12 product categories are shown in Table 8.1.

Table 8.1 Europe's most trusted brands

Product category	Brand	Countries where it leads its sector*
Mobile phone	Nokia	18
Credit card	Visa	16
Skincare	Nivea	16
Hi-fi/audio equipment	Sony	14
Cameras	Canon	14
Toothpaste	Colgate	12
Personal computers	IBM	10
Soap powder	Ariel	7
Haircare	Pantene	5
	L'Oréal	5
Automotive	Mercedes	5
Vitamins	Centrum	4
Airline	SAS	3

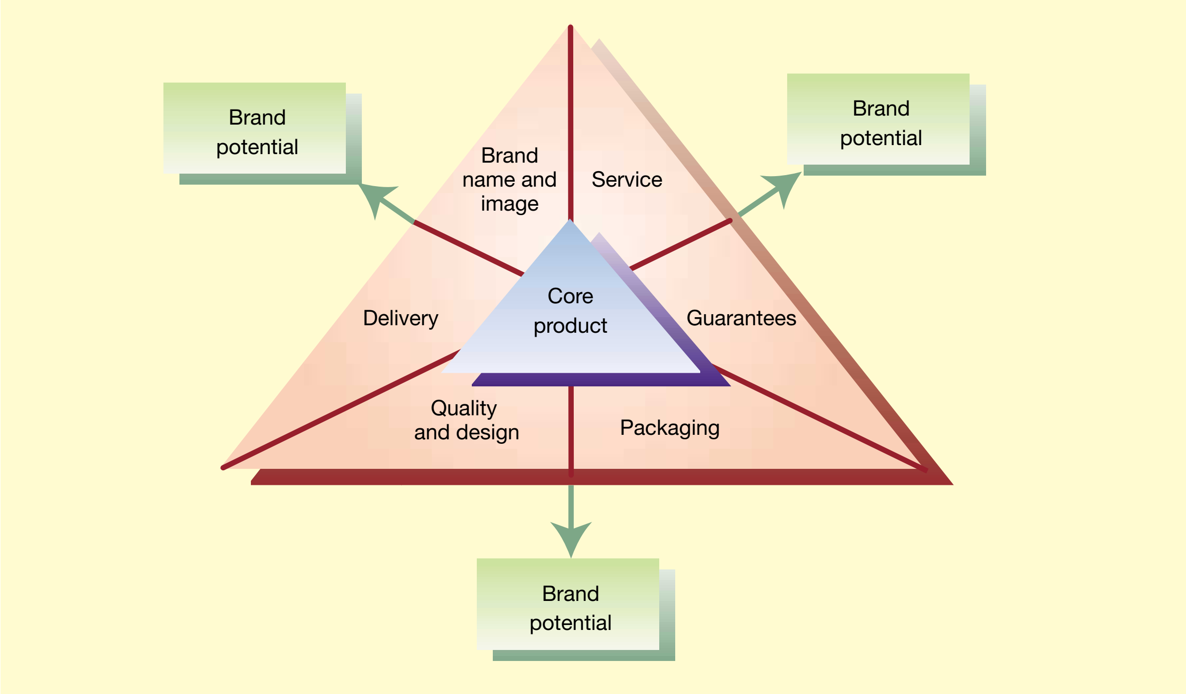
* Respondents in 18 European countries were asked to name their most trusted brand in each product category.
Based on: Reader's Digest Trusted Brands 2002 report

Brand building

The importance of strong brands means that brand building is an essential marketing activity. Successful brand building can reap benefits in terms of premium prices, achieving distribution more readily, and sustaining high and stable sales and profits through brand loyalty.[13]

A brand is created by augmenting a **core product** with distinctive values that distinguish it from the competition. To understand the notion of brand values we first need to understand the difference between features and benefits. A feature is an aspect of a brand that may or may

Figure 8.2 Creating a brand



not confer a customer benefit. For example, adding fluoride (*feature*) to a toothpaste confers the customer *benefits* of added protection against tooth decay and decreased dental charges. Not all features necessarily confer benefits: a cigarette lighter (*feature*) in a car confers no *benefit* to non-smokers, for example.

Core benefits derive from the core product (see Fig. 8.2). Toothpaste, for example, cleans teeth and therefore protects against tooth decay. But all toothpastes achieve that. Branding allows marketers to create added values that distinguish one brand from another. Successful brands are those that create a set of brand values that are superior to other rival brands. So brand building involves a deep understanding of both the functional (e.g. ease of use) and emotional (e.g. confidence) values that customers use when choosing between brands, and the ability to combine them in a unique way to create an augmented *product* that customers prefer. This unique, **augmented product** is what marketers call the *brand*. The success of the Swatch brand was founded on the recognition that watches could be marketed as fashion items to younger age groups. By using colour and design, Swatch successfully augmented a basic product—a watch—to create appeal for its target market. The advertisement featuring Sony (overleaf) shows how that company augments the brand through superior service. Unsuccessful brands provide no added values over the competition; they possess no differential advantage and, therefore, no reason for customers to purchase them in preference to a competitive brand.

Managing brands involves a constant search for ways of achieving the full brand potential. To do so usually means the creation of major global brands. Leading brands such as Coca-Cola, Microsoft, IBM, General Electric and Ford have achieved this. But how are successful brands built? A combination of some or all of seven factors can be important.[14] These are shown in Fig. 8.3 and described overleaf.

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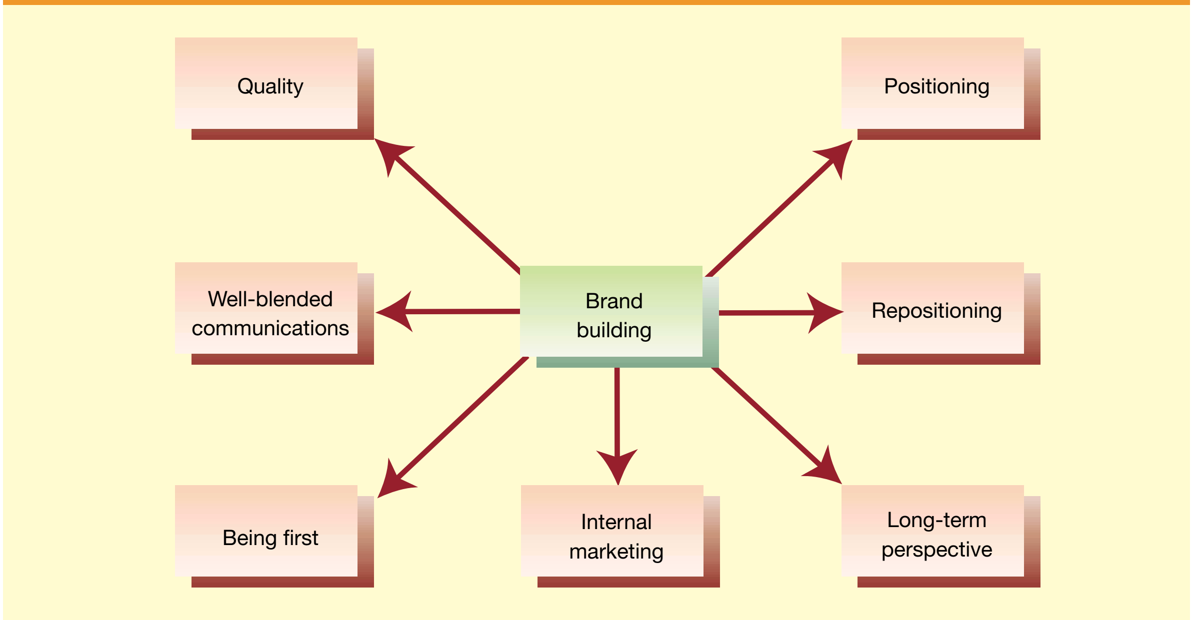
Figure 8.3 Building successful brands



Service is one way of augmenting a brand, as this advertisement for Sony demonstrates.

Quality

It is vital to build quality into the core product: a major reason for brand failure is the inability to get the basics right. Marketing a computer that overheats, a car that refuses to start or a garden fork that breaks is courting disaster. The core product must achieve the basic functional requirements expected of it. A major study of factors that affect success has shown statistically that higher-quality brands achieve greater market share and higher profitability than their inferior rivals.[15] Total quality management techniques (see Chapter 4) are increasingly being employed to raise quality standards. Product quality improvements have been shown to mainly be driven by market pull (changing customer tastes and expectations), organizational push (changes in the technical potential and resources of a company) and competitor actions.[16]

Marketing in Action 8.3 discusses the role of quality in building the Pret A Manger, Dyson and Dell brands.

Positioning

Creating a unique position in the marketplace involves a careful choice of target market and establishing a clear differential advantage in the

8.3 marketing in action

Putting Quality into Brand Building

People in advertising tend to equate brand building with advertising. But advertising is simply a way of communicating brand values. Brand building begins before advertising by building quality into the brand. Successful brands such as Pret A Manger, Dyson and Dell built their success on a quality focus.

Pret A Manger built its reputation on its excellent product (based on a 'green' theme) and service, and used its sandwich boxes, bags, paper cups and staff to promote itself to its customers. Pret's core customers work within 500 yards of the shops and typically buy lunch there three or four times a week. It is a quality- and location- rather than an advertising-driven business.

Dyson, the bagless vacuum cleaner business, ploughed its money into research and development to provide a high-quality product that performed better than its bag rivals. Within two years of its launch it became the best-selling vacuum cleaner without advertising. Even now, 70 per cent of the cleaners are bought on word-of-mouth recommendation. Although some money has been spent on advertising as competition has intensified, this is focused around product launches. Most of the company's resources are still directed at improving quality through enhanced technology.

Computer supplier Dell sells direct to customers with little brand advertising. Instead, Dell invests in providing value, performance and service. Its philosophy is that investing in quality leads to giving customers real value, which will encourage them to buy again and again. Dell also invests heavily in public relations, ensuring the company is represented at key IT events and that its products are frequently reviewed in the trade press.

Based on Brierley (2002);[17] Simms (2002)[18]

minds of those people. This can be achieved through brand names and image, service, design, guarantees, packaging and delivery. In today's highly competitive global marketplace, unique positioning will normally rely on combinations of these factors. For example, the success of BMW is founded on a quality, well-designed product, targeted at distinct customer segments and supported by a carefully nurtured exclusive brand name and image. Viewing markets in novel ways can create unique positioning concepts. For example, Swatch, as mentioned earlier, was built on the realization that watches could be marketed as fashion items to younger age groups.

An analytical framework that can be used to dissect the current position of a brand in the marketplace and form the basis of a new brand positioning strategy is given in Fig. 8.4. The strength of a brand's position in the marketplace is built on six elements: **brand domain**, **brand heritage**, **brand values**, **brand assets**, **brand personality** and **brand reflection**. The first element, brand domain, corresponds to the choice of target market (where the brand competes); the other five elements provide avenues for creating a clear differential advantage with these target consumers. Each will now be explained.

1. *Brand domain*: the brand's target market, i.e. where it competes in the marketplace. For example, the brand domain for Alpen bars (see illustration overleaf) is young, busy people, who eat at least part of their breakfast 'on the go'.
2. *Brand heritage*: the background to the brand and its culture. How it has achieved success (and failure) over its life. The advertisement for Boddingtons (overleaf) shows how brand heritage can be used in advertising.

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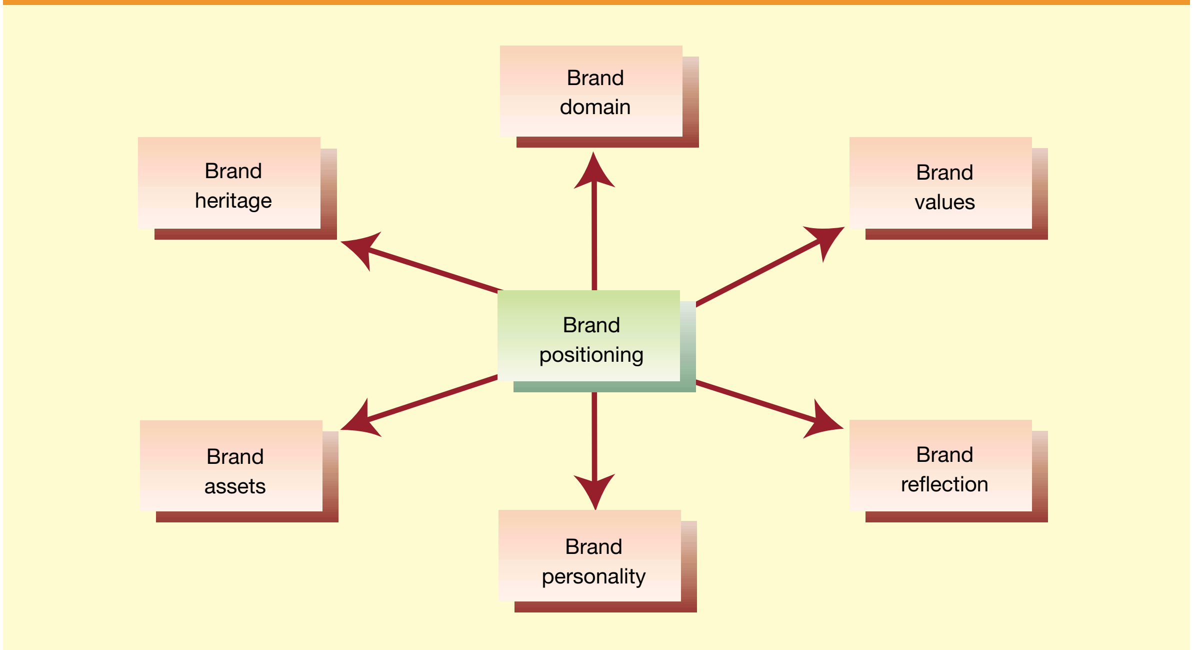
Figure 8.4 The anatomy of brand positioning



3. *Brand values*: the core *values* and characteristics of the brand.
4. *Brand assets*: what makes the brand distinctive from other competing brands such as symbols, features, images and relationships.
5. *Brand personality*: the character of the brand described in terms of other entities such as people, animals or objects.

Young, busy, people form the brand domain for Alpen bars.

Boddingtons advertises its brand heritage.

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Illustrator: © Daniel Hanson at The Organisation
Consumers use brands to reflect their self-identity and project it to other people.

6 *Brand reflection*: how the brand relates to self-identity; how the customer perceives him/herself as a result of buying/using the brand. The branding illustration visualizes how people use brands to reflect and project their self-identity.

By analysing each element, brand managers can form an accurate portrait of how brands are positioned in the marketplace. From there, thought can be given to whether and how the brand can be repositioned to improve performance.

Repositioning

As markets change and opportunities arise, repositioning may be needed to build brands from their initial base. Lucozade was first built as a brand providing energy to children who were ill. When market research found that mothers were drinking Lucozade as a midday pick-me-up it was repositioned accordingly. More recently it has been repositioned as a mass-market energy drink, using the athletes Daley Thompson and Linford Christie. Johnson's baby lotion brand was also built through repositioning when it was found that women were using it themselves. In the popular music industry Elvis Presley and Cliff Richard maintained their success by repositioning themselves from rock'n'roll artists to middle-of-the-road singers as their target audience matured.

Well-blended communications

Brand positioning is based on customer perception. To create a clear position in the minds of a target audience requires considerable thought and effort regarding advertising, selling and other promotional activities. Awareness needs to be built, the brand personality projected and favourable attitudes reinforced. Advertising is often the major communication medium for many classic leaders, such as:[19]

- Esso—the tiger (grace and power)
- Andrex—the puppy (soft and durable)
- Persil—mother love (metaphor for taking care of clothes).

These themes need to be reinforced by salespeople, public relations and sales promotion campaigns.

Marketers can make their brands more noticeable through attractive display or package design, and also through generating customer familiarity with brand names, brand logos and a brand's visual appearance. A well-blended communications strategy is necessary to achieve these objectives.[20]

Being first

Research has shown that pioneer brands are more likely to be successful than follower brands.[21] Being first gives a brand the opportunity to create a clear position in the minds of target customers before the competition enters the market. It also gives the pioneer the opportunity to build customer and distributor loyalty. Nevertheless, being first into a market with a unique marketing proposition does not guarantee success; it requires sustained marketing effort and the strength to withstand competitor attacks. Being first into a niche market, as achieved by the Body Shop and Tie Rack, usually guarantees short-term profits but the acid test arrives when competitors (sometimes with greater resources) enter with similar products.

Being first into a market can also bring the potential advantages of technological leadership, cost advantages through the experience curve effect, the acquisition and control of scarce resources and the creation of switching costs to later entrants (for example, the costs of switching from one computer system to another may be considerable).[22] Late entry can be costly: one study showed that a delay of one year in launching the Sierra after GM's Cavalier cost Ford $1 billion in lost profits over five years.[23]

Companies are, therefore, speeding up their new product development processes, even if it means being over budget.[24] A McKinsey & Co study showed that being 50 per cent over NPD budget and on time can lead to a 4 per cent reduction in profits. However, being on budget and six months late to launch can lead to a 33 per cent reduction in profits.[25]

Being first does not necessarily mean pioneering the technology. Bigger returns may come to those who are first to enter the mass market. For example, America's Ampex pioneered video recorder technology in the mid-1950s but its machines sold for $50,000. It made little effort to cut costs and expand its market. It was left to Sony, JVC and Matsushita, who had the vision to see the potential for mass-market sales. They embarked on a research and development programme to make a video recorder that could be sold for $500—a goal that took them 20 years to achieve.[26]

Long-term perspective

Brand building is a long-term activity. There are many demands on people's attention. Consequently, generating awareness, communicating brand values and building customer loyalty usually takes many years. Management must be prepared to provide a consistently high level of brand investment to establish and maintain the position of a brand in the marketplace. Unfortunately, it can be tempting to cut back on expenditure in the short term. Cutting advertising spend by £0.5 million (€0.72 million) immediately cuts costs and increases profits. Conversely, for a well-established brand, sales are unlikely to fall substantially in the short term because of the effects of past advertising. The result is higher short-term profits. This may be an attractive proposition for brand managers who are often in charge of a brand for less than two years. One way of overcoming this danger is to measure brand manager (and brand) performance by measuring brand equity in terms of awareness levels, brand associations, intentions to buy, and so on, and being vigilant in resisting short-term actions that may harm it. To underline the importance of consistent brand investment Sir Adrian Cadbury (then chairman of Cadbury's Schweppes) wrote:

> "For brands to endure they have to be maintained properly and imaginatively. Brands are extremely valuable properties and, like other forms of property, they need to be kept in good repair, renewed from time to time and defended against squatters.[27]"

Internal marketing

Many brands are corporate in the sense that the marketing focus is on building the company brand.[28] This is particularly the case in services, with banks, supermarkets, insurance companies, airlines and restaurant chains attempting to build awareness and loyalty to the services they offer. A key feature in the success of such efforts is **internal marketing**—that is, training and communicating with internal staff. Training of staff is crucial because service companies rely on face-to-face contact between service provider (e.g. waiter) and service user (e.g. diner). Also, brand strategies must be communicated to staff so that they understand the company ethos on which the company brand is built. Investment in staff training is required to achieve the service levels required for the brand strategy. Top service companies like McDonald's, Sainsbury and British Airways make training a central element in their company brand building plans.

Key branding decisions

Besides the branding decisions so far discussed, marketers face four further key branding decisions: brand name strategies and choices, rebranding, brand extension and stretching, and co-branding.

Brand name strategies and choices

Another key decision area is the choice of brand name. Three brand name strategies can be identified: family, individual and combination.

Family brand names

A **family brand name** is used for all products (e.g. Philips, Campbell's, Heinz, Del Monte). The goodwill attached to the family brand name benefits all brands, and the use of the name in advertising helps the promotion of all of the brands carrying the family name. The risk is that if one of the brands receives unfavourable publicity or is unsuccessful, the reputation of the whole range of brands can be tarnished. This is also called umbrella branding. Some companies create umbrella brands for part of their brand portfolios to give coherence to their range of products. For example, Cadbury created the umbrella brand of Cadburyland for its range of children's chocolate confectionery.[29]

Individual brand names

An **individual brand name** does not identify a brand with a particular company (e.g. Procter & Gamble does not use the company name on brands such as Ariel, Fairy Liquid, Daz and Pampers). This may be necessary when it is believed that each brand requires a separate, unrelated identity. In some instances, the use of a family brand name when moving into a new market segment may harm the image of the new product line. An example was the decision to use the Levi's family brand name on a new product line—Levi's Tailored Classics—despite marketing research information which showed that target customers associated the name Levi's with casual clothes, which was incompatible with the smart suits it was launching. This mistake was not repeated by Toyota, which abandoned its family brand name when it launched its upmarket executive car, which was simply called the Lexus. BMW also chose not to attach its family brand name to the Mini since it would have detracted from the car's sense of 'Britishness'.

Nevertheless, the lack of company association can prove risky. For example, Sainsbury's, a UK supermarket chain, launched a successful own-label detergent, Novon, after extensive research found that since consumers did not care whether Ariel, Daz or Persil was made by Procter & Gamble or Lever Brothers, why should they worry that Novon was 'made' by Sainsbury's.

Combination brand names

A *combination of family and individual brand names* capitalizes on the reputation of the company while allowing the individual brands to be distinguished and identified (e.g. Kellogg's All Bran, Rover 400, Microsoft Windows).

Criteria for choosing brand names

The choice of brand name should be carefully thought out since names convey images. For example, Renault chose the brand name Safrane for one of its executive saloons because research showed that the brand name conveyed the image of luxury, exotica, high technology and style. The brand name Pepsi Max was chosen for Pepsi's diet cola targeted at men as it conveyed a masculine image in a product category that was associated with women. So one criterion for deciding on a good brand name is that it evokes *positive associations*.

A second criterion is that the brand name should be easy to *pronounce and remember*. Short names such as Esso, Shell, Daz, Ariel, Novon and Mini fall into this category. There are exceptions to this general rule, as in the case of Häagen-Dazs, which was designed to sound European in the USA where it was first launched. A brand name may suggest *product benefits*, such as Right Guard (deodorant), Alpine Glade (air and fabric freshener), Head & Shoulders (anti-dandruff shampoo), Compaq (portable computer), or express what the brand is offering in a *distinctive way* such as Toys 'Я' Us. Technological products may benefit from *numerical* brand naming (e.g. BMW 300, Porsche 911) or *alphanumeric* brand names (e.g. Audi A4, WD40). This also overcomes the need to change brand names when marketing in different countries.

The question of brand *transferability* is another brand name consideration. With the growth of global brands, names increasingly need to be able to cross geographical boundaries. Companies that do not check the meaning of a brand name in other languages can be caught out, as when General Motors launched its Nova car in Spain only to discover later that the word meant 'it does not go' in Spanish. The lesson is that brand names must be researched for cultural meaning before being introduced into a new geographic market. One advantage of non-meaningful names such as Diageo and Exxon is that they transfer well across national boundaries.

Table 8.2 Brand name considerations

A good brand name should:	
1	evoke positive associations
2	be easy to pronounce and remember
3	suggest product benefits
4	be distinctive
5	use numerals or alphanumerics when emphasizing technology
6	be transferable
7	not infringe an existing registered brand name.

Specialist companies have established themselves as brand name consultants. Market research is used to test associations, memorability, pronunciation and preferences. One such consultancy is Mastername, which has an international team of name creation specialists, linguists and legal experts. Legal advice is important so that a brand name *does not infringe an existing brand name*. Table 8.2 summarizes the issues that are important when choosing a brand name.

A considerable amount of research goes into choosing a brand name. One successful financial services brand in the UK is Egg, a savings account launched by Prudential. Marketing in Action 8.4 describes the work that went into its selection.

Brand names can also be categorized, as shown in Table 8.3.

8.4 marketing in action

Naming Egg

Egg, the financial services brand launched by Prudential, reached its five-year target of savers in just six months. It has closed its offerings to new telephone customers and is now focusing on its Internet services. Competitive interest rates are a major factor in its attraction, but the name has clearly captured the imagination of the consumer.

The work on the name began by briefing a corporate naming agency. Prudential wanted something genuinely new and distinctive. It wanted to challenge the idiom of a marketplace where many corporate names are names of people or places, such as Barclays or Halifax.

Consumer research was used, beginning with the testing of 'marker' names that were not serious contenders but types of names that made clear the limits consumers would accept. The research showed that the name could be radical but consumers would not accept frivolity. The second stage was to work on a range of names from the straight descriptive to the more adventurous. At the final stage, the options included: 360°, suggesting all of the consumer's financial services taken care of; Oxygen, suggesting a breath of fresh air (but also slightly colder than Egg and rather scientific); and ID, suggesting identity and individuality.

The name had to convey the notion of having a relationship with the customer, and it had to be contemporary and be reassuring. The name Egg was chosen because it is a reassuring word with cosy, warm connotations. The success of the Egg brand is reflected in the fact that it had gained over 2 million customers by 2002.

Based on: Miller (1999);[30] Anonymous (2002)[31]

Table 8.3 Brand name categories

People	Cadbury, Mars, Heinz
Places	National Westminster, Halifax Building Society
Descriptive	I Can't Believe It's Not Butter, The Body Shop, Going Places
Abstract	KitKat, Kodak, Prozac
Evocative	Egg, Orange, Fuse
Brand extensions	Dove Deodorant, Virgin Direct, Playtex Affinity
Foreign meanings	Lego (from 'play well' in Danish), Thermos (meaning 'heat' in Greek)

Adapted from: Miller, R. (1999) Science Joins Art in Brand Naming, *Marketing*, 27 May, 31–2.

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Rebranding

The act of changing a brand name is called **rebranding**. It can occur at the product level (e.g. Treets to M&Ms) and the corporate level (e.g. One2One to T-mobile). Table 8.4 gives some examples of name changes. Rebranding is risky and the decision should not be taken lightly. The abandonment of a well-known and, for some, favourite brand runs the risk of customer confusion and resentment, and loss of market share. When Coca-Cola was rebranded (and reformulated) as New Coke, negative customer reaction forced the company to withdraw the new brand and reinstate the original brand.[32] Similarly, the move to rebrand the Post Office as Consignia was met with objections from consumers, employees and the media. The result was a reversal of the decision, with the Royal Mail Group corporate name chosen instead.

Table 8.4 Brand name changes

Product level		Corporate level	
Old name	**New name**	**Old name**	**New name**
Treets/Bonitos	M&Ms	One2One	T-mobile
Marathon	Snickers	BT Wireless	mmO_2
Pal	Pedigree	Grand Metropolitan/ Guinness	Diageo
Duplo	Lego Explore	Post Office	Royal Mail Group
Jif/Cif/Vif/Vim	Cif	Airtours	MyTravel
Raider	Twix	Ciba-Geigy/Sandoz	Novartis
Virgin One	The One Account		

Why rebrand?

Despite such well-publicized problems, rebranding is a common activity. The reasons are as follows.[33]

Merger or acquisition

When a merger or acquisition takes place a new name may be chosen to identify the new company. Sometimes a combination of the original corporate names may be chosen (e.g. when Glaxo Wellcome and SmithKline Beecham formed Glaxo SmithKline), a completely new name may be preferred (e.g. when Grand Metropolitan and Guinness became Diageo) or the stronger corporate brand name may be chosen (e.g. when Nestlé acquired Rowntree Mackintosh).

Desire to create a new image/position in the marketplace

Some brand names are associated with negative or old-fashioned images. The move by BT Wireless to drop its corporate brand name was because it had acquired an old fashioned, bureaucratic image. The new brand name mmO_2 was chosen because it sounded scientific and modern, and because focus groups saw their mobile phones as an essential part of their lives (like oxygen).[34] The negative image caused by Gerald Ratner describing the products sold in his stores as 'crap' forced the name change of his jewellery stores from Ratners to Signet. Also the negative association of the word 'fried' in Kentucky Fried Chicken stimulated the move to change the name to KFC. Lego has rebranded its Duplo range as Lego Explore to place greater emphasis on the relationship between the product and learning. The brand has been repositioned in the marketplace by focusing on four 'playworlds': explore being me, explore together, explore imagination and explore logic. Previously, Duplo was only associated with the 'imagination' dimension.[35]

The sale or acquisition of parts of a business

The sale of the agricultural equipment operations of the farm equipment maker International Harvester prompted the need to change its name to Navistar. The acquisition of the Virgin One financial services brand by the Royal Bank of Scotland from the Virgin Group necessitated the dropping of the Virgin name. The new brand is called The One Account.

Corporate strategy changes

When a company diversifies out of its original product category, the original corporate brand name may be considered too limiting. This is why Esso (Standard Oil) changed its name to Exxon as its product portfolio extended beyond oil. Also British Steel has become Corus as the company widens its products beyond steel.

Brand familiarity

Sometimes the name of a major product brand owned by a company becomes so familiar to customers that it supersedes the corporate brand. In these circumstances the company may decide to discard the unfamiliar name in favour of the familiar. That is why Consolidated Foods became Sara Lee and BSN became Danone.

International marketing considerations

A major driver for rebranding is the desire to harmonize a brand name across national boundaries in order to create a global brand. This was the motivation for the change of the Marathon chocolate bar name in the UK to Snickers, which was used in continental Europe, the dropping of the Treets and Bonitos names in favour of M&Ms, the move from Raider to Twix chocolate bars, the consolidation of the Unilever cleaning agent Jif/Cif/Vif/Vim to Cif, and the One2One brand in the UK to T-mobile, which is used by its parent company Deutsche Telecom in Germany. Companies may also change brand names to discourage parallel importing. When sales of a premium-priced brand in some countries are threatened by re-imports of the same brand from countries where the brand is sold at lower prices, rebranding may be used to differentiate the product. This is why the Italian cleaning agent Viakal was rebranded in some European countries as Antikal.

Consolidation of brands within a national boundary

When a company has a number of brand names in one country there is a temptation to consolidate them all under one brand. This motivated the creation of the MyTravel brand to cover the travel operator Airtours, and the travel agents Going Places, Travelworld and Holiday World. The rebranding meant that the new name could be used on all travel agents, aircraft, cruise ships and the company's website, although the Airtours brand was retained for its travel brochures as rival travel agents Thomas Cook and Lunn Poly would be uncomfortable selling MyTravel-branded holidays once the name appeared on travel agents' shops.[36]

Legal problems

A brand name may contravene an existing legal restriction on its use. For example, the Yves St Laurent perfume brand Champagne required a name change because the brand name was protected for use only with the sparkling wine from the Champagne region of France.

Managing the rebranding process

Rebranding is usually an expensive, time-consuming and risky activity, and should only be undertaken when there is a clear marketing and financial case in its favour and a strong

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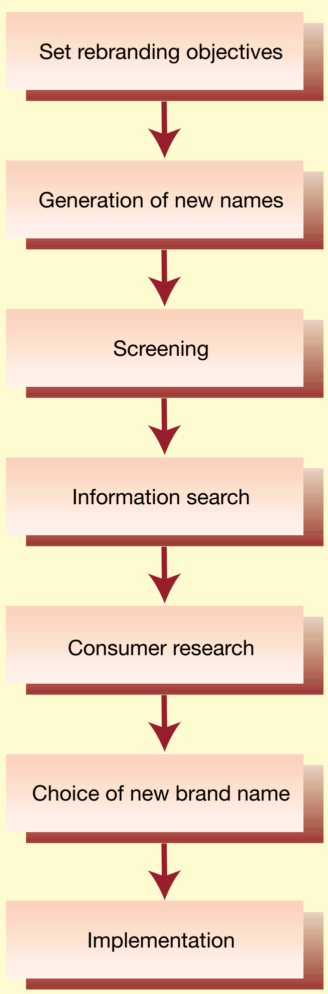
marketing plan in place to support its implementation.[37] Management should recognize that a rebranding exercise cannot of itself rectify more deep-seated marketing problems.

Once the decision to rebrand has been made, two key decisions remain: choosing the new name and implementing the name change.

Figure 8.5 The rebranding process



Choosing the new brand name

The issues discussed earlier in this chapter regarding choosing brand names are relevant when changing an existing name. These are that the new brand name should evoke positive associations, be easy to pronounce and remember, suggest positive benefits, be distinctive, be transferable, not infringe an existing registered brand name, and consideration should be given to the use of numerals when emphasizing technology. These issues should form the basis of the first step, setting the rebranding objectives (see Fig. 8.5). For example, a key objective of the new name might be that it should be easily remembered, evoke positive associations and be transferable across national boundaries.

The second step is to generate as many brand names as possible. Potential sources of names include consumers, employees, distributors, specialist brand name consultants and advertising agencies.

The third step is to screen the names to remove any with obvious flaws, such as those that are difficult to pronounce, too close to an existing name, have adverse double meanings and do not fit with the rebranding objectives. The objective is to reduce the names to a shortlist of around 6–12. The fourth step, an information search is carried out to check that each name does not infringe an existing registered brand name in each country where the brand is, or may be, marketed.

The fifth step is to test the remaining names through consumer research. The key criteria, such as memorability, associations and distinctiveness, chosen in step one (rebranding objectives) will be used to assess the performance of the new names. Finally, management will assess the virtues of each of the shortlisted brand names and come to a conclusion about which one should be chosen and registered.

Implementing the name change

Name changes can meet considerable resistance from consumers, employees and distributors. All three groups can feel that their loyalty to a brand has been betrayed. Attention also has to be paid to the media and financial institutions, particularly for corporate name changes. It was such resistance that reversed the mooted renaming of the Post Office as Consignia. Careful thought needs to be given to how the name change should be implemented so that all interested parties understand the logic behind the change and support it. Implementation requires attention to five key issues, as described below.[38]

1. *Co-ordination*: the delicacy of the name change requires harmonious working between the company departments and those groups most involved—marketing, production, the salesforce, logistics and general management. All must work together to avoid problems and solve any that may arise.

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2. *Communication*: consumers, employees and distributors need to be targeted with communications that notify them early and with a full explanation. When the chocolate bar known as Raider in continental Europe changed its name to Twix, which was the name used everywhere else, consumers in Europe were informed by a massive advertising campaign (two years' advertising budget was spent in three weeks). Retailers were told of the name change well in advance by a salesforce whose top priority was the Twix brand. Trial was encouraged by promotional activities at retail outlets. The result was a highly successful name change and the creation of a global brand.
3. *Understanding what the consumer identifies with the brand*: consumer research is required to fully understand what consumers identify as the key characteristics of the brand. Shell made the mistake of failing to include the new colour (yellow) of the rebranded Shell Helix Standard in its advertising, which stressed only the name change from Puissance 7 in France. Unfortunately customers, when looking for their favourite brand of oil, paid most attention to the colour of the can. When they could not find their usual brown can of Puissance 7 they did not realize it had been changed to a yellow can with a name they were not familiar with. The lesson is that advertising for a rebrand should have shown consumers that the colour of the can had changed as well as focusing on the name change from Puissance to Helix.
4. *Providing assistance to distributors/retailers*: to avoid confusion at distributors/retailers, manufacturers should avoid double-stocking of the old and new brand. Mars management took great care to ensure that on the day of the transfer from Raider to Twix, no stocks of Raider would be found in the shops, even if this meant buying back stock. The barcode should be kept the same so that no problems occur at optical checkouts. If a new code is used there is the chance it might not be registered correctly in the store's computer system.
5. *Speed of change*: consideration should be given to whether the change should be immediate (as with Twix) or subject to a transitional phase where, for example, the old name is retained (perhaps in small letters) on the packaging after the rebrand (the Philips name was retained on all Whirlpool household appliances, which were branded Philips Whirlpool in Europe for seven years after the companies joined to form the world's largest household appliance group). Old names are retained during a transitional period when the old name has high awareness and positive associations among consumers. Retaining an old brand name following a takeover may be wise for political reasons, as when Nestlé retained the Rowntree name on its brands for a few years after its takeover of the UK confectionery company.

Brand extension and stretching

The goodwill that is associated with a brand name adds tangible value to a company through the higher sales and profits that result. This higher financial value is called **brand equity**. Brand names with high brand equity are candidates to be used on other new brands since their presence has the potential to enhance their attractiveness. A **brand extension** is the use of an established brand name on a new brand within the same broad market or product category. For example, the Anadin brand name has been extended to related brands: Anadin Extra, Maximum Strength, Soluble, Paracetamol and Ibuprofen. The Lucozade brand has undergone

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a very successful brand extension with the introduction of Lucozade Sport, with isotonic properties that help to rehydrate people more quickly than other drinks, and replace the minerals lost through perspiration. Unilever has successfully expanded its Dove soap brand into deodorants, shower gel, liquid soap and body-wash.[39] **Brand stretching** is when an established brand name is used for brands in unrelated markets or product categories, such as the use of the Yamaha motorcycle brand name on hi-fi equipment, skis and pianos. The Tommy Hilfiger brand has also been extended from clothing to fragrances, footwear and home furnishings.[40] Table 8.5 gives some examples of brand extensions and stretching.

Table 8.5 Brand extensions and stretching

Brand extensions	Brand stretching
Anadin brand name used for Anadin Extra, Maximum Strength, Soluble, Paracetamol and Ibuprofen	Cadbury (confectionery) launched Cadbury's Cream Liqueur
Guinness launched Guinness draught beer in a can and Guinness Extra Cold	Yamaha (motor cycles) brand name used on hi-fi, skis, pianos and summerhouses
Lucozade extends to Lucozade Sport, Energy, Hydroactive and Carbo Gel	Pierre Cardin (clothing) brand name used on toiletries, cosmetics, etc.
United Distillers used Johnnie Walker brand name for liqueur	Bic (disposable pens) brand name used on lighters, razors, perfumes and women's tights
Unilever used Dove brand name for deodorants, shower gel, liquid soap and body-wash	Tommy Hilfiger brand name used on fragrances, footwear and home furnishings
Diageo used Smirnoff brand name for the premium packaged spirit sector (Smirnoff Ice and Black Ice)	fcuk (fashion retailer) brand name used on flavoured alcoholic drinks

Some companies have used brand extensions and stretching very successfully. Richard Branson's Virgin company is a classic example. Beginning in 1970 as Virgin Records the company grew through Virgin Music (music publishing), Megastores (music retailing), Radio, Vodka, Cola, Atlantic Airways (long-haul routes), Express (short-haul routes), Rail, Direct (direct marketing of financial services) and One (one-stop banking). Others have been less successful, such as Levi's move into suits, the Penguin ice-cream bar and Timotei facial care products.

Brand extension is an important marketing tactic. A study by Nielsen showed that brand extensions account for approximately 40 per cent of new grocery launches.[41] Two key advantages of brand extension in releasing new products are that it reduces risk and is less costly than alternative launch strategies.[42] Both distributors and consumers may perceive less risk if the new brand comes with an established brand name. Distributors may be reassured about the 'saleability' of the new brand and therefore be more willing to stock it. Consumers appear to attribute the quality associations they have of the original brand to the new one.[43] An established name enhances consumer interest and willingness to try the new brand.[44] Consumer attitudes towards brand extensions are more favourable when the perceived quality of the parent brand is high.[45]

Launch costs can also be reduced by using brand extension. Since the established brand name is already well known, the task of building awareness of the new brand is eased. Consequently, advertising, selling and promotional costs are reduced. Furthermore, there is the likelihood of achieving advertising economies of scale since advertisements for the original brand and its extensions reinforce each other.[46]

A further advantage of brand extensions is that the introduction of the extension can benefit the core brand because of the effects of the accompanying marketing expenditure. Sales of the core brand can rise due to the enhancement of consumers' perception of brand values and image through increased communication.[47]

However, these arguments can be taken too far. Brand extensions that offer no functional, psychological or price advantage over rival brands often fail.[48] Consumers shop around, and brand extensions that fail to meet expectations will be rejected. There is also the danger that marketing management underfunds the launch believing that the spin-off effects from the original brand name will compensate. This can lead to low awareness and trial. *Cannibalization*, which refers to a situation where the new brand gains sales at the expense of the established brand, can also occur. Anadin Extra, for example, could cannibalize the sales of the original Anadin brand. Further, brand extension has been criticized as leading to a managerial focus on minor modifications, packaging changes and advertising rather than the development of real innovations.[49] There is also the danger that bad publicity for one brand affects the reputation of other brands under the same name. An example was the problem of the sudden, sharp acceleration of the Audi 5000, which affected sales of both the Audi 4000 and the Audi Quattro even though they did not suffer from the problem.[50] A related difficulty is the danger of the new brand failing or generating connotations that damage the reputation of the core brand. Both of these risks were faced by Guinness, whose core brand is stout, when it launched its canned beer under the Guinness brand name, and Mars when it extended the Mars brand name into ice cream.

A major test of any brand extension opportunity is to ask if the new brand concept is compatible with the values inherent in the core brand. Mention has already been made of the failure to extend the Levi's brand name to suits in the USA partly as a result of consumers refusing to accept the casual, denim image of Levi's as being suitable for smart, exclusive clothing. Another example is Bic's attempt to stretch the brand into perfume. Bic misunderstood the choice criteria that drive perfume sales and how these clashed with its own brand image of being a cheap and disposable pen.[51]

Brand extensions, therefore, are not viable when a new brand is being developed for a target group that holds different values and aspirations from those in the original market segment. When this occurs the use of the brand extension tactic would detract from the new brand. The answer is to develop a separate brand name, as did Toyota with the Lexus, and Seiko with its Pulsar brand name developed for the lower-priced mass market for watches.

Finally, management needs to guard against the loss of credibility if a brand name is extended too far. This is particularly relevant when brand stretching. The use of the Pierre Cardin name for such disparate products as clothing, toiletries and cosmetics has diluted the brand name's credibility.[52]

Brand extensions are likely to be successful if they make sense to the consumer. If the values and aspirations of the new target segment(s) match those of the original segment, and the qualities of the brand name are likewise highly prized, then success is likely. The prime example is Marks & Spencer, which successfully extended its original brand name, St Michael, from clothing to food based on its core values of quality and reliability.

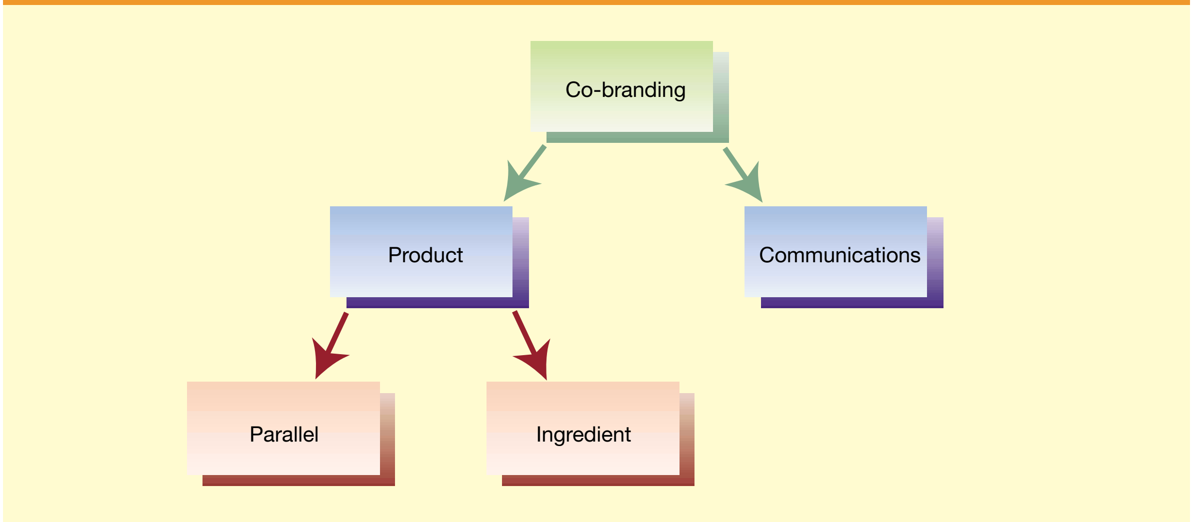
Co-branding

There are two major forms of **co-branding**: product-based and communications-based co-branding (see Fig. 8.6 overleaf).

Product-based co-branding

Product-based co-branding involves the linking of two or more existing brands from different companies or business units to form a product in which the brand names are visible to

Figure 8.6 Forms of co-branding



consumers. There are two variants: parallel and ingredient co-branding. **Parallel co-branding** occurs when two or more independent brands join forces to produce a combined brand. An example is Häagen-Dazs ice cream and Baileys liqueur combining to form Häagen-Dazs with Baileys flavour ice cream.

Ingredient co-branding is found when one supplier explicitly chooses to position its brand as an ingredient of a product. Intel is an ingredient brand. It markets itself as a key component (ingredient) of computers. The ingredient co-brand is formed by the combination of the ingredient brand and the manufacturer brand—for example, Hewlett Packard or Toshiba

This advertisement depicts Intel as an ingredient brand linked to Toshiba's multi-media products.

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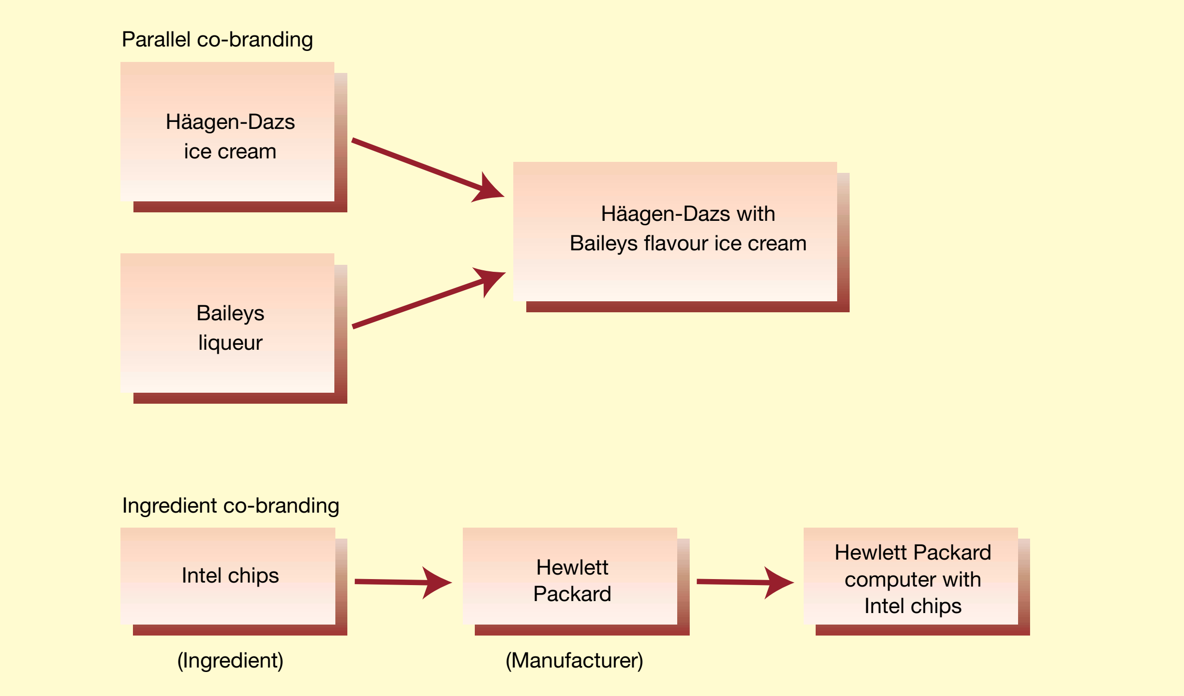
(see the illustration on the opposite page). Usually the names and logos of both brands appear on the computer. Although Baileys liqueur may at first sight seem to be an ingredient brand it is not since its main market positioning is as an independent brand (a liqueur) not as an ingredient of ice cream.[53] Figure 8.7 shows the distinction between parallel and ingredient co-branding.

Figure 8.7 Parallel and ingredient co-branding



The advantages of product-based co-branding are as follows.

Added value and differentiation

The co-branding alliance of two or more brands can capture multiple sources of brand equity, and therefore add value and provide a point of differentiation. For example, the aforementioned combination of Häagen-Dazs ice cream with Baileys liqueur flavour creates a brand that adds value through the distinctive flavouring and differentiates the brand from competitive offerings. Another example is the alliance between Nike and Lego's 'Bionicle' action heroes to form 'Bionicle by Nike' trainers. The Bionicle brand adds value and differentiates the co-brand from other trainers.[54] The impact of product-based co-branding has been researched by Kodak, which showed that for a fictional entertainment product 20 per cent of respondents said they would buy under the Kodak name and 20 per cent would buy under the Sony name. However, 80 per cent claimed they would buy if the product carried both names. Clearly the co-brand carried brand equity that was greater than the sum of its parts.[55]

Positioning

A co-brand can position a product for a particular target market. This was the reason Ford formed an alliance with *Elle* magazine to create the Ford Focus Elle, targeting women. The *Elle*-branded Focus has features such as heated leather seats, metallic livery and special wheels in order to appeal to women who choose cars on the basis of look and style. A five-page advertorial appeared in *Elle*, where the brand was positioned as a stylish fashion accessory.[56]

Reduction of cost of product introduction

Co-branding can reduce the cost of product introduction since two well-known brands are combined, accelerating awareness, acceptance and adoption.[57]

There are also risks involved in product-based co-branding, as described below.

Loss of control

Given that the co-brand is managed by two different companies (or at the very least different strategic business units of the same company) each company loses a degree of control over decision-making. There is potential for disagreement, misunderstanding and conflict.

Brand equity loss

Poor performance of the co-brand could have negative effects on the original brands. In particular, each or either of the original brands' image could be tarnished.

Communications-based co-branding

Communications-based co-branding involves the linking of two or more existing brands from different companies or business units for the purposes of joint communication. This type of co-branding can take the form of recommendation. For example, Ariel and Whirlpool launched a co-branded advertising campaign where Ariel was endorsed by Whirlpool.[58] In a separate co-branding campaign Whirlpool endorsed Finish Powerball dishwasher tablets. A second variant is when an alliance is formed to stimulate awareness and interest, and to provide promotional opportunities. A deal between McDonald's and Disney gives McDonald's exclusive global rights to display and promote material relating to new Disney movies in its stores. Disney gains from the awareness and interest that such promotional material provides, and McDonald's benefits from the in-store interest and the promotional opportunities, such as competitions and free gifts (e.g. plastic replicas of film characters), the alliance provides. Communications-based co-branding can also result from sponsorship, where the sponsor's brand name appears on the product being sponsored. An example is Shell's sponsorship of the Ferrari Formula 1 motor racing team. As part of the deal the Shell brand name appears on Ferrari cars.

The advantages of communications-based co-branding are as follows.

Endorsement opportunities

As we have seen, Whirlpool and Ariel engaged in mutual endorsement in their advertising campaign. Endorsement may also be one-way: Shell gains by being associated with the highly successful international motor racing brand, Ferrari.

Cost benefits

One of the parties in the co-brand may provide resources to the other. Shell's deal with Ferrari demands that Shell pays huge sums of money, which helps Ferrari support the costs of motor racing. Also, joint advertising alliances mean that costs can be shared.

Awareness and interest gains

The McDonald's/Disney alliance means that new Disney movies are promoted in McDonald's outlets, enhancing awareness and interest.

Promotional opportunities

As we have discussed, McDonald's gains by the in-store promotional opportunities afforded by its co-branding alliance with Disney.

The risks involved in communications-based co-branding are similar to those of product-based co-branding.

Loss of control

Each party to the co-branding activity loses some of its control to the partner. For example, in joint advertising there could be conflicts arising from differences of opinion regarding creative content and the emphasis given to each brand in the advertising.

Brand equity loss

No one wants to be associated with failure. The poor performance of one brand could tarnish the image of the other. For example, an unsuccessful Disney movie prominently promoted in McDonald's outlets could rebound on the latter. Conversely, bad publicity for McDonald's might harm the Disney brand by association.

Some examples of product and communications-based co-brands are given in Table 8.6.

Table 8.6 Co-branding examples

Parallel co-brands
Häagen-Dazs and Baileys Cream Liqueur form Häagen-Dazs with Baileys flavour ice cream
Ford Focus and *Elle* women's magazine form Ford Focus Elle car
Nike and Lego Bionicle form 'Bionicle by Nike' trainers
NatWest Bank and MasterCard form NatWest MasterCard credit card
Ingredient co-brands
Intel as component in Hewlett Packard computers
Nutrasweet as ingredient in Diet Coke
Scotchgard as stain protector in fabrics
Communications-based co-brands
Ariel and Whirlpool: joint advertising campaign
McDonald's and Disney: joint in-store promotions
Shell and Ferrari: sponsorship

Global and pan-European branding

Global branding is the achievement of brand penetration worldwide. Levitt is a champion of global branding, arguing that intensified competition and technological developments will force companies to operate globally, ignoring superficial national differences.[59] A *global village* is emerging, where consumers seek reliable, quality products at a low price and the marketing task is to offer the same products and services in the same way, thereby achieving enormous global economies of scale. Levitt's position is that the new commercial reality is the emergence of global markets for standardized products and services on a previously unimagined scale. The engine behind this trend is the twin forces of customer convergence of tastes and needs, and the prospect of global efficiencies in production, procurement, marketing, and research and development. Japanese companies have been successful in achieving these kinds of economies to produce high-quality, competitively priced global brands (e.g. Toyota, Sony, Nikon and Fuji).

The creation of global brands also speeds up a brand's time to market by reducing time-consuming local modifications. The perception that a brand is global has also been found to affect positively consumers' belief that the brand is prestigious and of high quality.[60]

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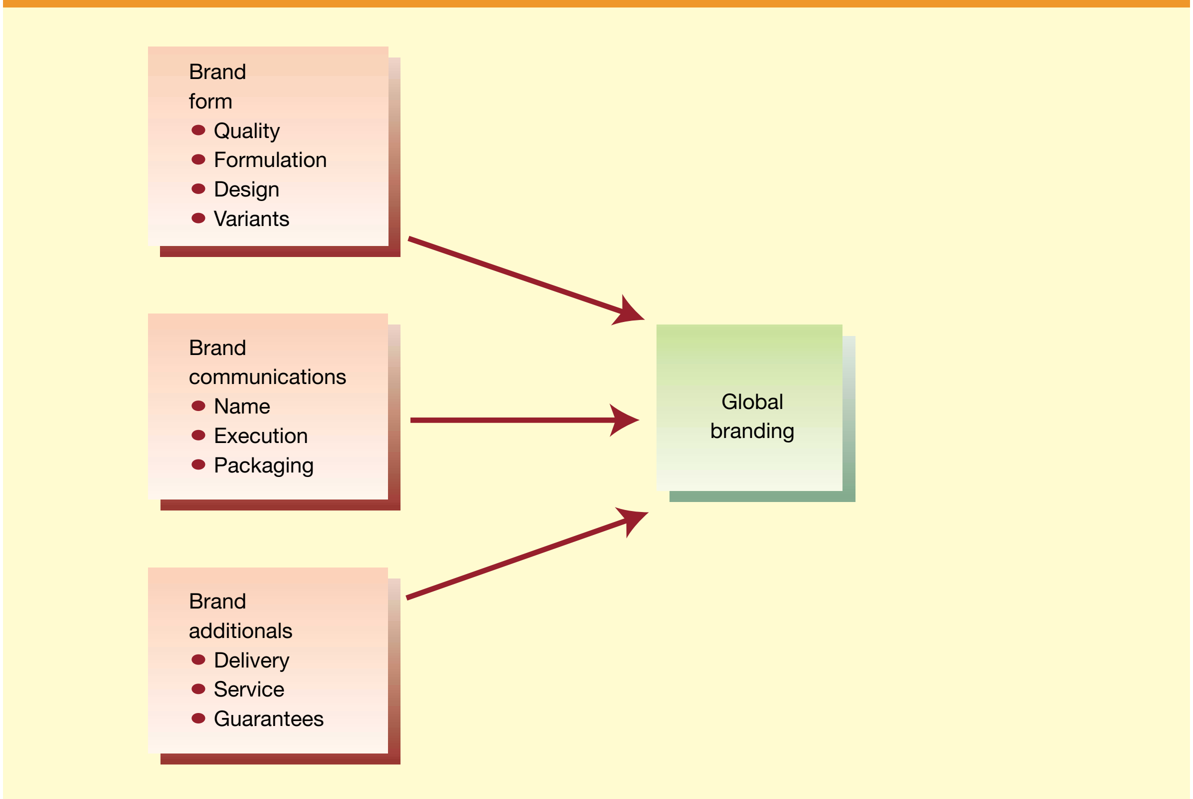
In Europe, the promise of pan-European branding has caused leading manufacturers to seek to extend their market coverage and to build their portfolio of brands. Nestlé has widened its brand portfolio by the acquisition of such companies as Rowntree (confectionery) and Buitoni-Perugina (pasta and chocolate), and has formed a joint venture (Cereal Partners) with the US giant General Mills to challenge Kellogg's in the European breakfast cereal market. Mars has replaced its Treets and Bonitos brands with M&Ms, and changed the name of its third largest UK brand, Marathon, to the Snickers name used in the rest of Europe.

The counter-argument to global branding is that it is the exception rather than the rule. It has undoubtedly occurred with high-tech, rapid roll-out products such as audio equipment, cameras, video recorders and camcorders. Furthermore, some global successes, such as Coca-Cola, BMW, Gucci and McDonald's, can be noted, but national varieties in taste and consumption patterns will ensure that such achievements in the future will be limited. For example, the fact that the French eat four times more yoghurt than the British, and the British buy eight times more chocolate than the Italians reflects the kinds of national differences that will affect the marketing strategies of manufacturers.[61] Indeed, many so-called global brands are not standardized, claim the 'local' marketers. For example, Coca-Cola in Scandinavia tastes different from that in Greece.

The last example gives a clue to answering the dilemma facing companies that are considering building global brands. The question is not whether brands can be built on a global scale (clearly they can) but which parts of the brand can be standardized and which must be varied across countries. A useful way of looking at this decision is to separate out the elements that comprise the brand, as shown in Fig. 8.8. Can brand name and image, advertising, service, guarantees, packaging, quality and design, and delivery be standardized or not?

Figure 8.8 Global branding decisions



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Gillette's global success with its Sensor razor was based on a highly standardized approach: the product, brand name, the message 'The Best a Man Can Get', advertising visuals and packaging were standardized; only the voice-overs in the advertisement were changed to cater for 26 languages across Europe, the USA and Japan.

Lever Brothers found that, for detergent products, brand image and packaging could be standardized but the brand name, communications execution and brand formulation needed to vary across countries.[62] For example, its fabric conditioner used a cuddly teddy bear across countries but was named differently in Germany (Kuschelweich), France (Cajoline), Italy (Coccolini), Spain (Mimosin), the USA (Snuggle) and Japan (Fa-Fa). Brand image and packaging were the same but the name and formulation (fragrance, phosphate levels and additives) differed between countries.

In other circumstances, the brand form and additions may remain the same (or very similar) across countries but the brand communications may need to be modified. For example, a BMW car may be positioned as having an exclusive image but what Dutch and Italian car buyers consider are the qualities that amount to exclusiveness are very different.[63] Consequently, differing advertising appeals would be needed to communicate the concept of exclusiveness in these countries.

Much activity has taken place over recent years to achieve global and pan-European brand positions. There are three major ways of doing this, as outlined below.[64]

1. *Geographic extension*: taking present brands into the geographic markets.
2. *Brand acquisition*: purchasing brands.
3. *Brand alliance*: joint venture or partnerships to market brands in national or cross-national markets.

Managers need to evaluate the strengths and weaknesses of each option, and Fig. 8.9 summarizes these using as criteria speed of market penetration, control of operations and the level of investment required. Brand acquisition gives the fastest method of developing global brands. For example, Unilever's acquisition of Fabergé, Elizabeth Arden and Calvin Klein immediately made it a major player in fragrances, cosmetics and skincare. Brand alliance usually gives moderate speed. For example, the use of the Nestlé name for the Cereal Partners (General Mills and Nestlé) alliance's breakfast cereal in Europe should help retailer and consumer acceptance. Geographic extension is likely to be the slowest unless the company is already a major global player with massive resources, as brand building from scratch is a time-consuming process.

Figure 8.9 Developing global and pan-European brands

Source: Barwise, P. and T. Robertson (1992) Brand Portfolios, *European Management Journal* 10(3), 279. Copyright © 1992 with kind permission from Elsevier Science Ltd, The Boulevard, Langford Lane, Kidlington OX5 1GB, UK.

		Criteria for evaluation		
		Speed	Control	Investment
Strategy	Geographic expansion	Slow	High	Medium
	Brand acquisition	Fast	Medium	High
	Brand alliance	Moderate	Low	Low

However, geographic extension provides a high degree of control since companies can choose which brands to globalize, and plan their global extensions. Brand acquisition gives a moderate degree of control although many may prove hard to integrate with in-house brands. Brand alliance fosters the lowest degree of control, as strategy and resource allocation will need to be negotiated with the partner.

Finally, brand acquisitions are likely to incur the highest level of investment. For example, Nestlé paid £2.5 billion (€3.6 billion) for Rowntree, a figure that was over five times net asset value. Geographic extension is likely to be more expensive than brand alliance since, in the latter case, costs are shared, and one partner may benefit from the expertise and distribution capabilities of the other. For example, in the Cereal Partners' alliance, General Mills gained access to Nestlé's expertise and distribution system in Europe. Although the specifics of each situation need to be carefully analysed, Fig. 8.9 provides a framework for assessing the strategic alternatives when developing global and pan-European brands.

Corporate identity management

Managers also need to be aware of the importance of the corporate brand as represented by its corporate identity. **Corporate identity** represents the ethos, aims and values of an organization, presenting a sense of its individuality, which helps to differentiate it from its competitors. A key ingredient is visual cohesion, which is necessary to ensure that all corporate communications are consistent with each other and result in a corporate image in line with the organization's defining values and character. The objective is to establish a favourable reputation with an organization's stakeholders, which it is hoped will be translated into a greater likelihood of purchasing the organization's goods and services, and working for and investing in the organization.[65]

Corporate identity management has emerged as a key activity of senior marketing and corporate management because of the following developments.[66]

- Mergers, acquisitions and alliances have led to many new or significantly changed companies that require new identities (e.g. Diageo).
- Some existing companies have undertaken 're-imaging' by changing the reality of their activities and/or via their communications to make their activities/image more technology orientated (e.g. mmO_2).
- The emergence of dotcom and new media companies created many new company identities (e.g. Lastminute.com).

Corporate identity management is concerned with the conception, development and communication of an organization's ethos, aims (mission) and values. Its orientation is strategic and is based on a company's culture and behaviour. It differs from traditional brand marketing directed towards consumers or organizational purchases since it is concerned with all of an organization's stakeholders and the wide-ranging way in which an organization communicates. If managed well it can affect organizational performance by attracting and retaining customers, increasing the likelihood of creating beneficial strategic alliances, recruiting high-quality staff, being well positioned in financial markets, maintaining strong media relations and strengthening staff identification with the company.[67]

An example of the successful use of corporate identity management is Arcadis, an infrastructural engineering company with its headquarters in the Netherlands but with operations all over the world. A strong corporate identity was particularly important to give a sense of unity to a company that had grown largely through acquisition. The company believes

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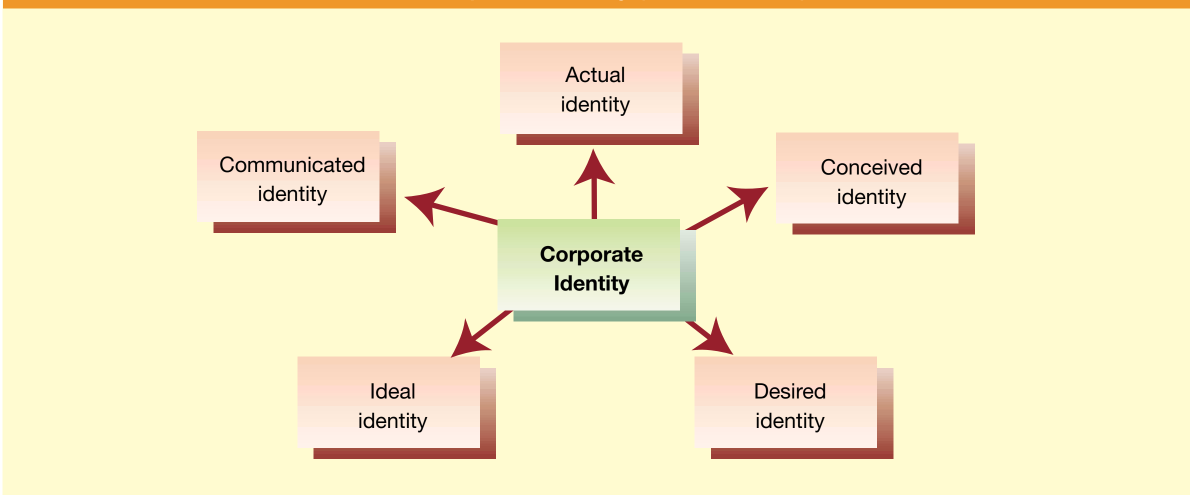
that its identity, which brings with it a set of specific values, has produced benefits both with internal staff and external customers.[68]

Not all corporate identity activities are successful, however. An example is the repainting of British Airways' tail fins. Originally, all BA tail fins were the colour of the Union Jack, symbolizing its British heritage. In an attempt at global repositioning, most of them were repainted using the colours of the national emblems of many overseas countries. The move allegedly backfired as passengers, especially businesspeople, disliked the excessive variety in tail-fin design.[69] A second failure in corporate identity management was the ill-fated change in name from the Post Office to Consignia, discussed earlier in this chapter. The new name was designed to reflect a wider range of services (mail delivery, retail outlets and the delivery of packages) than the original name, the Post Office, suggested, and to facilitate entry into global markets under an international identity that could work well across national borders. However, implementation of the corporate identity change was not well managed, with consumers (and the media) believing that the name was to be used on Post Office retail outlets across the country. Furthermore, research showed that the brand values associated with one part of the Post Office, the Royal Mail, were very high. With the appointment of a new chairman, Allan Leighton and widespread derision of the Consignia name among the public, staff and media, the decision was taken to rename the company, the Royal Mail Group.[70]

Dimensions of corporate identity

A corporate identity can be broken down into five dimensions or identity types, namely actual identity, communicated identity, conceived identity, ideal identity and desired identity. This framework is called the AC^{2}ID test and is shown in Fig. 8.10. By analysing each dimension a company can test the effectiveness of its corporate identity.[71]

Figure 8.10 The five dimensions of corporate identity (the AC^{2}ID test)



Each of these five dimensions will now be explained.

Actual identity

This represents the reality of the organization and describes what the organization is. It includes the type and quality of the products offered by the organization, the values and behaviour of staff, and the performance of the company. It is influenced by the nature of the corporate ownership, the leadership style of management, organization structure and management policies, and the structure of the industry.

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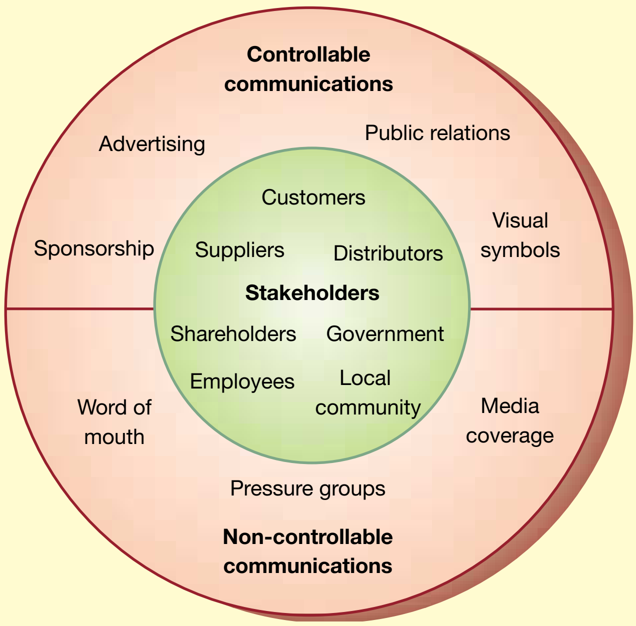
Communicated identity

This is the identity the organization reveals through its 'controllable' corporate communication programme. Typically, communicational tools such as advertising, public relations, sponsorship and visual symbols (corporate names, logos, signs, letterheads, use of colour and design, and word font) are used to present an identity to stakeholders. In addition, communicated identity may derive from 'non-controllable' communications such as word of mouth, media coverage and pressure groups such a Greenpeace. Figure 8.11 illustrates the elements of communicated identity.

Figure 8.11 The elements of communicated identity



Conceived identity

This refers to the perceptions of the organization held by relevant stakeholders such as customers, suppliers, distributors, shareholders, government, employees and the local community where the company operates. It reflects the corporate image and reputation held by these groups.

Ideal identity

This represents the optimum (best) positioning of the organization in its market or markets. It is normally based on a strategic analysis of the organization's capabilities and prospects in the light of its macro- and microenvironment.

Desired identity

This lives in the hearts and minds of corporate leaders. It is their vision for the organization. This can differ from the ideal identity, which is based on research and analysis. Desired identity is likely to be based on a chief executive's vision, which is influenced more by personality and ego than rational assessment of the organization's strategic position in the marketplace.

Companies, therefore, have multiple identities, and a lack of fit between any two or more of the identities can cause problems that may weaken the company. For example, corporate communications (communicated identity) may be at odds with reality (actual identity); corporate performance and behaviour (actual identity) may fall short of the expectations of key stakeholders (conceived identity); and what is communicated to stakeholders (communicated identity) may differ from what stakeholders perceive (conceived identity). Marketing in Action 8.5 examines a communicated–conceived identity gap at Hilton hotels.

8.5 marketing in action

Corporate Identity Misalignment at Hilton Hotels

An example of a gap between communicated and conceived identities is related to the Hilton hotel chain. In the face of financial difficulties, the US-based company sold off most of its non-American operations including the rights to the Hilton brand name internationally. The non-American operations and rights were acquired by the UK entertainment group Ladbrokes, resulting in the Hilton brand name being used by both the US-based Hilton and Ladbrokes. The two companies increasingly employed different communications strategies to support the Hilton brand in their markets.

This caused confusion among consumers and businesspeople who stayed at Hilton hotels in both markets. In corporate identity terms there was a gap between the widely held perception of Hilton as a single entity (conceived identity) and the two communicated identities. Eventually the two companies realized that this misalignment was weakening both corporate brands, and entered into a formal marketing and brand alliance, including visual identity, marketing programmes, technology and reservation systems.

Based on: Balmer and Greyser (2003)[72]

The AC^{2}ID test, then, is a useful framework for assisting companies in researching, analysing and managing corporate identities. The next section explains how it can be used to do this.

Managing corporate identity programmes

Using the AC^{2}ID test to conduct a corporate identity audit has five stages, known as the REDS^2 AC^{2}ID Test Process.[73] This results in the identification of a strategy to resolve any gaps between the five identity dimensions. The stages are as described below.

Reveal the five identities

Each of the five identity types are audited. Actual identity is audited by measuring such elements as internal staff values, performance of products and services, and management style. Communicated identity is examined by researching such factors as the communications sent out from the organization and media commentary. Conceived identity is measured by such elements as the corporate image and reputation as perceived by the various stakeholder groups. Ideal identity is audited by measuring such factors as the optimum product features and performance, the optimum set of internal staff values and the optimum management style. Finally, desired identity is examined by researching the vision held by senior management, especially the chief executive.

Examine the ten identity interfaces

Each identity dimension is then compared to the others so that any gaps (misalignments) can be identified. The ten identity interfaces can be used as a checklist of potential problem areas.

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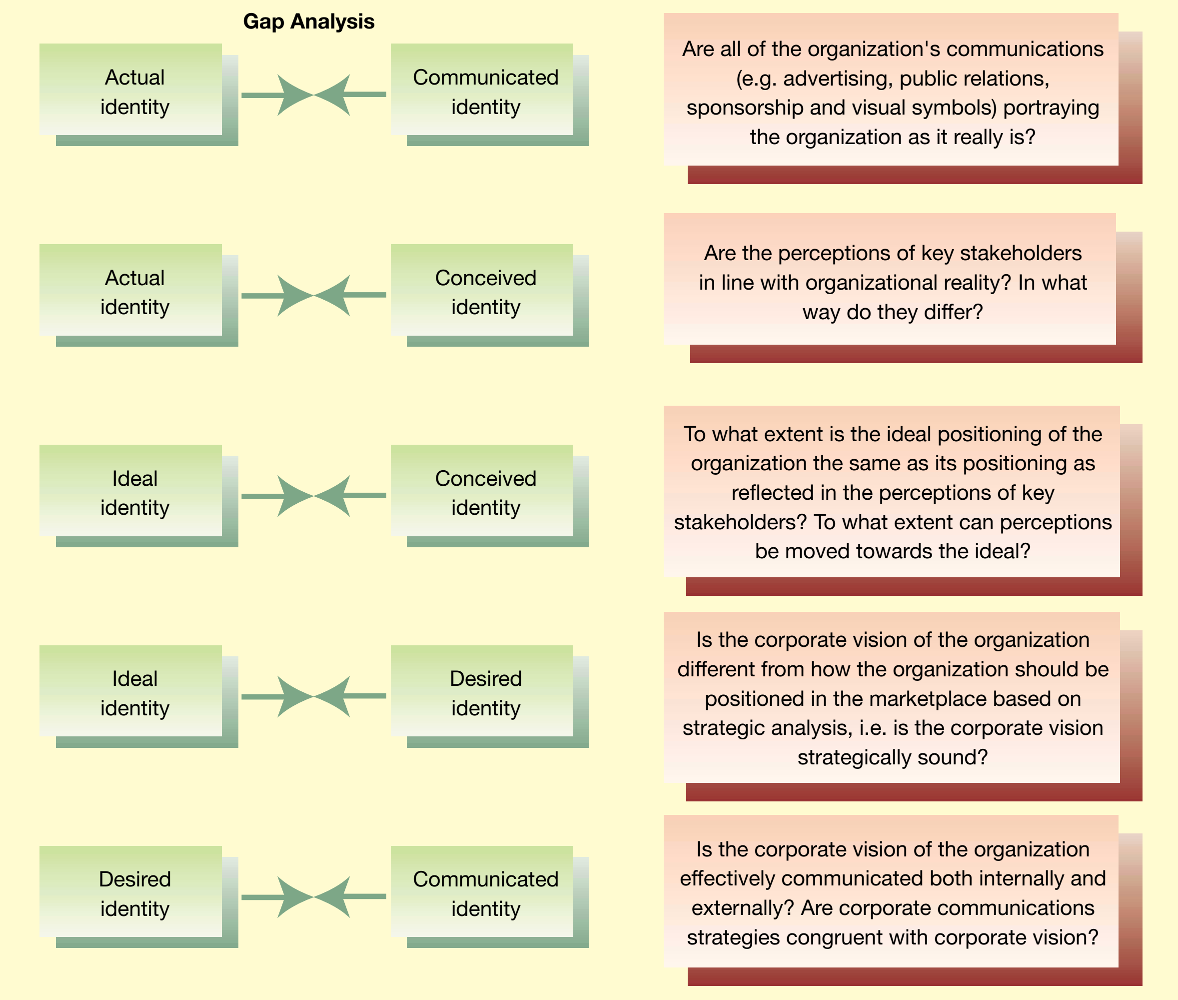
To illustrate this stage, Fig. 8.12 shows five interfaces and the kinds of questions that should be asked.

Figure 8.12 Examining corporate identity interfaces

Adapted from: Balmer, J. M. T. and G. B. Soenen (1999) The Acid Test of Corporate Identity Management, *Journal of Marketing Management* 15, 69–92.



Diagnose the situation

The questions posed at the previous stage form the foundation for diagnosing the situation. This involves providing answers to the following questions.

- What are the problems?
- What are their nature?
- What are the implications?

Select the interfaces for attention

Which interfaces should be brought into alignment? Account should be taken of the priorities and the feasibility of the required action.

Strategic choice

What kind of strategies are required to create the corporate identity change needed to bring the interfaces into alignment. Options include reality change (including culture change), modifications to communications strategies, strategic repositioning (including moving into new technologies) and changes in corporation vision and mission.

The REDS^2 AC^{2}ID Test Process, then, encourages management to address the following five questions.[74]

1. What is our current corporate identity?
2. What image is communicated by formal and informal communications?
3. What would be the ideal identity for the organization to acquire in the light of the organization's capabilities and in the light of its micro- and macroenvironment?
4. What corporate identity would senior managers wish their organization to have?
5. How can this required corporate identity be achieved?

As such it provides a practical framework for corporate identity management. It is simple, memorable, logical and operational and, therefore, is a useful tool for managers responsible for corporate branding, corporate communications and corporate identity.[75]

Ethical issues concerning products

There are three major issues regarding ethical issues with products: product safety, planned obsolescence and deceptive packaging.

Product safety

A major concern about product safety has been the issue of the safety of genetically modified products. Vociferous pressure groups such as Greenpeace have spoken out about the dangers of genetic modification. This process allows scientists to manipulate the genetic code of plants to create new characteristics never seen in nature. They are able to isolate any one gene in an organism and insert it into a completely unrelated species. For example, scientists can inject a gene from a bacterium into a grape to make it resistant to viruses; they can engineer maize to make it drought resistant or create potato strains that resist pests. People are sharply divided as to whether this can be safe. Although plant breeders have for thousands of years been tampering with the genes of plants through traditional cross-pollination of plants of the same species, genetic modification goes one step further as it allows scientists to cross the species barrier. This, its critics claim, is fundamentally unnatural. Furthermore, they state, no scientist can be sure that all of this genetic manipulation can be safe. Such concerns, and the attendant publicity have led to one of the pioneers of genetic modification, Monsanto, to back away from further development of genetically modified foods and supermarket chains to ban such produce from their shelves. Supporters state that many new products are introduced with a certain degree of risk being acceptable. For example, a new pharmaceutical product may harm a tiny percentage of users but the utilitarianist principle of 'the greatest good for the greatest number' would support its launch.

It is the reality of modern-day business that new products, such as cars, pharmaceuticals and foods, undergo extensive safety testing before launch. Anything less would violate the consumer's 'right to safety'.

Planned obsolescence

Many products are not designed to last a long time. From the producer's point of view this is sensible as it creates a repeat purchase situation. Hence, cars rust, clothes wear out and fashion items are replaced by the latest styles. Consumers accept that nothing lasts forever, but the issue concerns what is an acceptable length of time before replacement is necessary. One driving force is competition. To quell the Japanese invasion, car manufacturers such as Ford and Volkswagen have made the body shells of their cars much more rust-resistant than before. Furthermore, it has to be recognized that many consumers welcome the chance to buy new clothes, new appliances with the latest features and the latest model of car. Critics argue that planned obsolescence reduces consumers' 'right to choose' since some consumers may be quite content to drive an old car so long as its body shell is free from rust and the car functions well. As we have noted, the forces of competition may act to deter the excesses of planned obsolescence.

Deceptive packaging

This can occur when a product appears in an oversized package to create the impression that the consumer is buying more than is the case. This is known as 'slack' packaging[76] and has the potential to deceive when the packaging is opaque. Products such as soap powders and breakfast cereals have the potential to suffer from 'slack' packaging. A second area where packaging may be deceptive is through misleading labelling. This may take the form of the sin of omission—for example, the failure of a package to state that the product contains genetically modified soya beans. This relates to the consumer's 'right to be informed', and can include the stating of ingredients (including flavouring and colourants), nutritional contents and country of origin on labels. Nevertheless, labelling can be misleading. For example, in the UK, country of origin is only the last country where the product was 'significantly changed'. So oil pressed from Greek olives in France can be labelled 'French' and foreign imports that are packed in the UK can be labelled 'produce of the UK'. Consumers should be wary of loose terminology. For example, smoked bacon may well have received its 'smoked flavour' from a synthetic liquid solution, 'farm fresh eggs' are likely to be un-datemarked eggs of indeterminate age laid by battery hens, and 'farmhouse cheese' may not come from farmhouses but from industrial factories.[77]

The use of loose language and meaningless terms in the UK food and drink industry has been criticized by the Food Standards Agency (FSA). A list of offending words has been drawn up, which includes fresh, natural, pure, traditional and original. Recommendations regarding when it is reasonable to use certain words have been drawn up. For example, 'authentic' should only be used to emphasize the geographic origin of a product and 'home-made' should be restricted to the preparation of the recipe on the premises and must involve 'some degree of fundamental culinary preparation'. The FSA has also expressed concern about the use of meaningless phrases such as 'natural goodness' and 'country-style' and recommended that they should not be used.[78]

Branding and developing economies

Critics of branding accuse the practice of concentrating power and wealth in the hands of companies and economies that are already rich and powerful, whereas poor countries have to compete on price. Supporters of branding claim that it is not branding's fault that poor countries suffer from low wages and that by sourcing from those countries their economies benefit. Ethical Marketing in Action 8.1 discusses some of the issues involved.

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8.1 ethical marketing in action

What's in a Name: are Brands Divisive?

Naomi Klein poses the question 'What does Nike make? Trainers? Sportswear? Fashion goods?' The answer is that Nike doesn't make anything—it manages a brand. Others, in countries with cheap labour forces—that is, poor countries—do the making. A pair of Nike ID trainers retails for an average of £100, but the manufacturers see very little of this. In 2001, 31 per cent of Nike's shoes were made in Indonesia; as of July 2001 entry-level full-time wages in Nike contract factories in West Java were equal to or slightly about the legal minimum of 17,000 Rupiahs (£1.22/€1.75) per day.

Nike is not alone: branding 'adds value' to many product offerings. A pair of denim trousers becomes a fashion statement with a Levi's label on it; an addictive and carcinogenic drug becomes a mark of independence, rebellion and midwestern cool when it is branded by Marlboro. Ethical dilemmas arise, not just in the case of specific products but also in a more general way. Branding concentrates power and wealth in a few hands—hands that are already rich and powerful. As in the case of Nike, the world's most successful brands are owned and controlled by its richest countries.

On a global level, this means that the disproportionate power and profits associated with branding continue to accumulate in the wealthy West, whereas poor countries have to compete simply on price. So, while the West concentrates on lucrative image creation, the rest of the world is turned into a collection of low-margin factories. One solution is for the poorer countries to start developing their own brands. To do this they need to develop marketing skills and attract marketing talent. The marketing knowledge you are acquiring now could help redress this balance.

Based on: Klein (2000);[79] www.nike.com/Europe;[80] Oxfam[81]

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Ethical dilemma

A company launches a new brand of extra-safe condoms. The packaging and promotion for this product utilize a cartoon theme. Is the approach taken in managing this product ethical?

Review

1 The concept of a product, brand, product line and product mix

- A product is anything that is capable of satisfying customer needs.
- A brand is a distinctive product offering created by the use of a name, symbol, design, packaging, or some combination of these intended to differentiate it from its competitors.
- A product line is a group of brands that are closely related in terms of the functions and benefits they provide.
- A product mix is the total set of products marketed by a company.

2 The difference between manufacturer and own-label brands

- Manufacturer brands are created by producers and bear their chosen brand name, whereas own-label brands are created and owned by distributors (e.g. supermarkets).

3 The difference between a core and an augmented product (the brand)

- A core product is anything that provides the central benefits required by customers (e.g. toothpaste cleans teeth). The augmented product is produced by adding extra functional and/or emotional values to the core product, and combining them in a unique way to form a brand.

4 Why strong brands are important

Strong brands are important because they:

- enhance company value
- positively affect consumer perceptions and preferences
- act as a barrier to competition because of their impact on consumer perceptions and preferences
- produce high profits through premium prices and high market share
- provide the foundation for brand extensions
- act as a form of quality certification, which aids the consumer decision-making process
- build trust among consumers.

5 How to build strong brands

Strong brands can be built by:

- building quality into the core product
- creating a unique position in the marketplace based on an analysis of brand domain, brand heritage, brand values, brand assets, brand personality and brand reflection
- repositioning to take advantage of new opportunities
- using well-blended communications to create a clear position in the minds of the target audience
- being first into the market with a unique marketing proposition
- taking a long-term perspective
- using internal marketing to train staff in essential skills and to communicate brand strategies so that they understand the company ethos on which the company brand is built.

6 The differences between family, individual and combined brand names, and the characteristics of an effective brand name

- A family brand name is one that is used for all products in a range (e.g. Nescafé); an individual brand name does not identify a brand with a particular company

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(e.g. Proctor & Gamble does not appear with Daz); a **combination brand** name combines family and individual brand names (e.g. Microsoft Windows).

- The characteristics of an effective brand name are that it should evoke positive associations, be easy to pronounce and remember, suggest product benefits, be distinctive, use numerics or alphanumerics when emphasizing technology, be transferable and not infringe on existing registered brand names.

7 Why companies rebrand, and how to manage the process

- Companies rebrand to create a new identity after merger or acquisition, to create a new image/position in the marketplace, following the sale or acquisition of parts of a business where the old name is no longer appropriate, following corporate strategy changes where the old name is considered too limiting, to reflect the fact that a major product brand is more familiar to consumers than the old corporate brand, for international marketing reasons (e.g. name harmonization across national borders), consolidation of brands within a national boundary, and in response to legal problems (e.g. restrictions on its use).
- Managing the rebranding process involves choosing the new brand name and implementing the name change.
- Choosing the new brand name has six stages: setting rebranding objectives, generation of new names, screening to remove any with obvious flaws, information search to identify any infringements of existing brand names, consumer research, and choice of new brand name.
- Implementing the name change requires attention to five key issues: co-ordination among departments and groups; communication to consumers, employees and distributors; discovering what consumers identify with the brand so that communications can incorporate all relevant aspects of the brand; provision of assistance to distributors/retailers so that the change takes place smoothly; and care over the speed of changeover.

8 The concepts of brand extension and stretching, their uses and limitations

- A brand extension is the use of an established brand name on a new brand within the same broad market or product category; brand stretching occurs when an established brand is used for brands in unrelated markets or product categories.
- Their advantages are that they reduce perceived risk of purchase on the part of distributors and consumers, the use of the established brand name raises consumers' willingness to try the new brand, the positive associations of the core brand should rub off on to the brand extension, the awareness of the core brand lowers advertising and other marketing costs, and the introduction of the extension can raise sales of the core brand due to the enhancement of consumers' perception of brand values and image through increased communication.
- The limitations are that poor performance of the brand extension could rebound on the core brand, the brand may lose credibility if stretched too far, sales of the extension may cannibalize sales of the core brand and the use of a brand extension strategy may encourage a focus on minor brand modifications rather than true innovation.

9 The two major forms of co-branding, and their advantages and risks

- The two major forms are product-based (parallel and ingredient) co-branding and communications-based co-branding.

- The advantages of product-based co-branding are added value and differentiation, the enhanced ability to position a brand for a particular target market, and the reduction of the cost of product introduction.
- The risks of product-based co-branding are loss of control and potential brand equity loss if poor performance of the co-brand rebounds on the original brands.
- The advantages of communications-based co-branding are endorsement opportunities, cost benefits, awareness and interest gains, and promotional opportunities.
- The risks of communications-based co-branding are loss of control, and potential brand equity loss.

10 The arguments for and against global and pan-European branding, and the strategic options for building such brands

- The arguments 'for' are that intensified global competition and technological developments, customer convergence of tastes and needs, and the prospect of global efficiencies of scale will encourage companies to create global brands.
- The arguments 'against' are that national varieties in taste and consumption patterns will limit the development of global brands.
- The strategic options are geographic extension, brand acquisition and brand alliances.

11 The dimensions of corporate identity

There are five dimensions (the AC^{2}ID test):

- actual identity represents the reality of the organization and describes what the organization is
- communicated identity is what is revealed through the organization's 'controllable' corporate communications programme and through 'non-controllable' communication such as word of mouth
- conceived identity refers to the perceptions of the organization held by relevant stakeholders
- ideal identity represents the organization's best positioning in its market(s)
- desired identity is what lives in the hearts and minds of corporate leaders, in particular the chief executive's vision.

12 The management of corporate identity programmes

This involves conducting an audit based on the REDS^2 AC^{2}ID Test Process to:

- reveal the five identities
- examine the ten identity interfaces
- diagnose the situation
- select the interfaces for attention
- address strategic choice.

13 Ethical issues concerning products

- These are product safety, planned obsolescence, deceptive packaging, and branding and developing economies.

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Key terms

augmented product the core product plus extra functional and/or emotional values combined in a unique way to form a brand

brand a distinctive product offering created by the use of a name, symbol, design, packaging, or some combination of these intended to differentiate it from its competitors

brand assets the distinctive features of a brand

brand domain the brand's target market

brand equity the goodwill associated with a brand name, which adds tangible value to a company through the resulting higher sales and profits

brand extension the use of an established brand name on a new brand within the same broad market or product category

brand heritage the background to the brand and its culture

brand personality the character of a brand described in terms of other entities such as people, animals and objects

brand reflection the relationship of the brand to self-identity

brand stretching the use of an established brand name for brands in unrelated markets or product categories

brand values the core values and characteristics of a brand

co-branding (communications) the linking of two or more existing brands from different companies or business units for the purposes of joint communication

co-branding (product) the linking of two or more existing brands from different companies or business units to form a product in which the brand names are visible to consumers

combination brand name a combination of family and individual brand names

core product anything that provides the central benefits required by customers

corporate identity the ethos, aims and values of an organization, presenting a sense of its individuality, which helps to differentiate it from its competitors

family brand name a brand name used for all products in a range

fighter brands low-cost manufacturers' brands introduced to combat own-label brands

global branding achievement of brand penetration worldwide

individual brand name a brand name that does not identify a brand with a particular company

ingredient co-branding the explicit positioning of a supplier's brand as an ingredient of a product

internal marketing training, motivating and communicating with staff to cause them to work effectively in providing customer satisfaction; more recently the term has been expanded to include marketing to all staff with the aim of achieving the acceptance of marketing ideas and plans

manufacturer brands brands that are created by producers and bear their chosen brand name

own-label brands brands created and owned by distributors or retailers

parallel co-branding the joining of two or more independent brands to produce a combined brand

product line a group of brands that are closely related in terms of the functions and benefits they provide

product mix the total set of products marketed by a company

rebranding the changing of a brand or corporate name

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Internet exercise

The Superbrands website is dedicated to highlighting the development of some of the world's most successful brands. Visit and explore the 'Consumer Superbrands' section.
Visit: www.superbrands.org

Questions

(a) What are the characteristics of successful brands?
(b) Discuss the importance of brand values.
(c) Select one of the Superbrands brand case studies and discuss the selected brand's equity.
(d) How can marketing communications influence brand equity?
(e) Using the Superbrands website, discuss the factors that should be considered when selecting a brand name, giving examples.
(f) Explain how a corporate brand differs from a product brand.

Visit the Online Learning Centre at www.mcgraw-hill.co.uk/textbooks/jobber for more Internet exercises.

Study questions

1. Why do companies develop core products into brands?
2. Suppose you were the marketing director of a medium-sized bank. How would you tackle the job of building the company brand?
3. Think of five brand names. To what extent do they meet the criteria of good brand naming as laid out in Table 8.2? Do any of the names legitimately break these guidelines?
4. Do you think that there will be a large increase in the number of pan-European brands over the next ten years or not? Justify your answer.
5. What are the strategic options for pan-European brand building? What are the advantages and disadvantages of each option?
6. Why do companies rebrand product and corporate names? What is necessary for successful implementation of the rebranding process?
7. What are the two main forms of co-branding? What are their advantages and risks?
8. Describe the five dimensions of corporate identity. How can an analysis of these dimensions and their interfaces aid the management of corporate identity?
9. Discuss the major ethical concerns relating to products.

Online LearningCentre with PowerWeb

When you have read this chapter log on to the Online Learning Centre at www.mcgraw-hill.co.uk/textbooks/jobber to explore chapter-by-chapter test questions, links and further online study tools for marketing.

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case fifteen

Levi's Jeans: Re-engaging the Youth Market

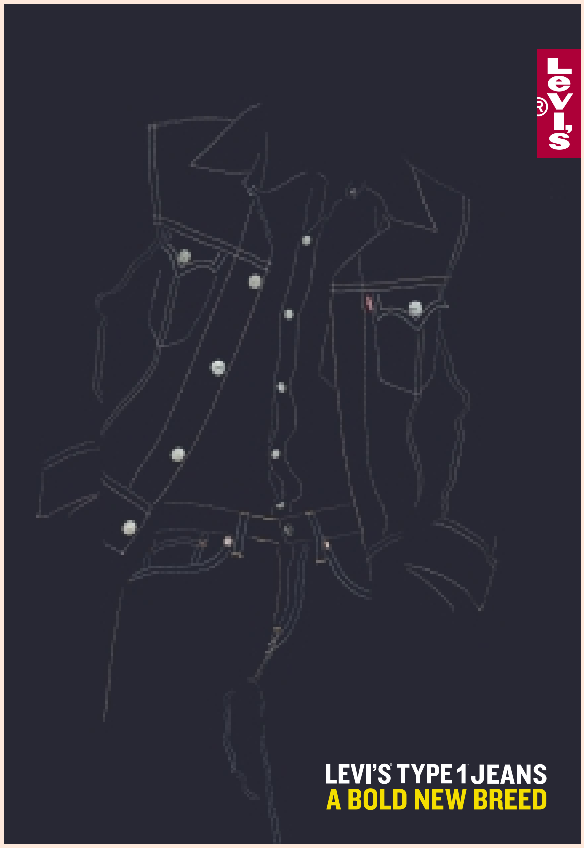
Launched in 2002, Worn Jeans were Levi's attempt to differentiate its product from other jeans brands.

In a conference room at the global headquarters of Levi Strauss & Company in San Francisco, Robert Holloway, the new vice-president of marketing, addressed Levi's new brand management team. 'What kids want is to be acceptable to their peers. They're looking to make an impact with potential partners as well and therefore they want to look right. Part of looking right is wearing what's cool.'

The problem facing Levi Strauss was that jeans were increasingly regarded as 'uncool'. In 1996, the company reported record one-year sales of $7.1 billion and a profit of more than $1 billion. By the end of 1999, sales had fallen to $5.1 billion and the company barely broke even on profits despite closing 30 of its 51 factories and laying off about 15,000 people (40 per cent of its workers).

The root causes go back as far as 1992 when rap music emerged as a cultural phenomenon and baggy trousers were its generational signature. Unfortunately, Levi's failed to connect with young customers. While competitors such as Gap, Diesel, Wrangler and Pepe stole market share, Levi's market share shrank from 31 to 14 per cent. The problem was complacency; for years Levi's had been cool—the kind of cool that seems as if it will never end.

Levi Strauss, a Jewish immigrant from Bavaria, began selling waist overalls from his San Francisco store in 1873 as a utilitarian tool of daily life for farmers, ranchers, miners and factory workers. In the 1950s and 1960s, however, they became associated with teenage rebellion and counter-culture. Marlon Brando, Elvis



The advertising for Type One jeans, launched in 2003, was in typical Levi's avant-garde style.

Presley and Bob Dylan were all photographed wearing Levi's. Based on the proposition 'genuine, original, authentic, real' sales grew tenfold during the late 1960s and early 1970s but it was not until the mid-1980s that the company aggressively used television advertising to launch its 501 Blues campaign. Sales and profits began a continuous 12-year rise. The engine room for this growth was one product: its 501 five-pocket jeans brand, which represented social acceptance and yet a kind of individuality and rebelliousness among its wearers.

But nothing lasts forever. One survey reported that the proportion of US teenage males who considered Levi's to be a 'cool' brand plummeted from 21 per cent to 7 per cent between 1994 and 1998. This was reflected in the comment made by a 16-year-old male when he said that his peers preferred loose brands with non-tapered legs, like the ultra-baggy JNCO jeans: 'But JNCO is more last year. Now it's more Polo, Hilfiger and Boss.' When asked about Levi's he replied, 'If I buy Levi's, it's like I bought Wranglers and people think I'm cheap, but it's still expensive!' Another 15-year-old female stated that her friends will not wear anything from Levi's: 'It doesn't make styles we want. Levi's styles are too tight and for the older generation, like middle-aged people.' She prefers baggy pants from JNCO and Kikwear.

While Levi's remained impervious to the cultural changes in the jeans market, other newer brands have emerged. One major competitor, Gap, began in 1969 ironically as a retail chain selling Levi's exclusively. By staying responsive to consumer changes, the company saw a rapid rise in sales. Two others, Diesel and Pepe, have stolen Levi's rebellious attitude, making Levi's jeans less distinctive in the minds of consumers.

By 2000, traditional styles of jeans (Levi's heartland) had fallen to only 20 per cent of sales, down from more than 50 per cent in 1996. To make matters worse, demographic changes meant that the number of 15–25 year olds in the population was forecast to fall dramatically in future years.

New strategies for the new millennium

The continued segmentation and fragmentation of the UK jeans market has led Levi's to organize its marketing around three customer groups: urban opinion-formers; extreme sports; and regular girls and guys. Each will handle its own new product development, have its own brand managers and marketing team. The core market will remain the 15–25 age group.

In a major attempt to turn around this grim situation, Levi Strauss has developed new marketing strategies. A new range of non-denim jeans, branded Sta-Prest, was launched in 1999 backed up by a major TV advertising campaign starring a toy furry animal called Flat Eric. This campaign was well received by its youth audience.

In 2000, Levi's launched Engineered Jeans, an aggressive modern range billed as a 'reinvention' of the five-pocket style to replace the old 501 brand. Described as the 'twisted original' the new jeans featured side seams that follow the line of the leg, and a curved bottom hem that is slightly shorter at the back to keep it from dragging on the ground. The jeans also have a larger watch pocket to hold items like a pager. Under its youth-orientated Silver Tab brand, Levi's introduced the Mobile Zip-Off Pant, with legs that unzip to create shorts, and the loose Ripcord Pant, which rolls up. Levi's also extended its successful Docker brand to a business-casual line called Dockers Recode using stretch fabrics that appeal to older consumers who passed through their teens wearing Levi's blue jeans.

In 2003, the S-Fit trousers, part of the Dockers range, were launched with anti-radiation pockets for mobile phones in response to consumers' fears about mobile handset radiation. They are premium-priced at over £100 (€144).

Levi Strauss have also innovated on the retail front. In 1999 the company opened its first unbranded store, Cinch!, in London with plans to open other stores with the same format but different names around European capitals. Cinch! will target customers it calls 'cultural connoisseurs': fashionable less mainstream customers. It stocks the new Levi's upmarket Red collection, and the Vintage Clothing and Collectable ranges rather than the mainstream Red Tab or Sta-Prest products. There is no Levi's branding on the store fascia and garments are hung on the walls. Non-Levi's products including Casio watches, and Japanese magazines and art books are also stocked. There is a 'chill-out' television room. Cultural connoisseurs like to 'discover' brands for themselves and appreciate an intimate retail experience.

Levi Strauss has also altered its approach to massified promotion. It believes that a 'massified' image is a hindrance to acceptance among young consumers. It studied how rave promoters publicized their parties using flyers, 'wild posting' on construction sites and lamp-posts, pavement markings and e-mail. It is exploring how such 'viral communications' could be used to infiltrate youth culture. The idea is to introduce the Levi's brand name into the target consumers' clubs, concert venues, websites and fanzines in order for the kids to discover the company's tag for themselves. Levi's is spending massive sums sponsoring and supporting musicians, bands and gigs in order to communicate with today's youth, who are now so smart about media campaigns that the best strategy—as with the Flat Eric campaign—is to try to prod them gently towards the idea that Levi's is again the 'cool' brand. As the president of Levi's advertising agency says, 'If you go into their environment where they are hanging out, and you speak to them in a way that's appropriate, then the buzz created from that is spread, and that's an incredibly powerful way to impact the marketplace.'

In 2002, Levi's Worn Jeans were launched. Worn denim was Levi's attempt to differentiate its product from other jeans brands. Injecting the fabric with two-tone sprays and moulding it to give it a 3D appearance created the worn effect. The launch was supported by commercials showing male and female models slowly rubbing themselves against roads, street furniture and

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each other in an attempt to create the worn effect on denim. Aimed at 15–25 year olds across Europe, the advertisements ended with the tag-line 'Rub yourself.' A website offered competitions and editorial set within a denim-themed landscape called Worn Jeans World. Visitors could navigate the site using on-screen characters in search of hot spots. The characters had to 'rub' with various tools to access content.

Type One Jeans, made of dark denim with bright stitching, oversized rivets and large pockets, were launched in 2003. Like Worn Jeans, the brand targeted both young men and women. The accompanying campaign more than matched the company's reputation for avant-garde advertising. It featured a group of hybrid mouse-humans, conceived to personify the ad's creative theme of a 'bold new breed' of denim. Before the advertising agency, Bartle Bogle Hegarty, shot the ad, focus groups discussed the plot, where mouse-humans kidnap a cat and blackmail its owner. The research concluded that Levi's should tone down the aggression and superiority, and balance the female and male roles more equally from a script that was skewed towards the females. To create even more interest in the brand, Levi's used a guerrilla marketing technique known as 'self-discovery'. It left documents purporting to be leaked top-secret memos about the launch in bus shelters, bars and pubs. A website was also established in support of the brand.

During this period of innovation, Levi's was faced with the threat of imported cut-price 501 jeans by Tesco, the supermarket chain, and Costco the discount warehouse group. Tesco was selling Levi's 501 jeans, purchased inexpensively in the USA, for £27.99 (€40) compared to £50 (€72) in Levi's-authorized shops. Levi's successfully appealed to the European Court of Justice for this to be prevented.

In the USA, Levi's seemed to be moving in a different direction by creating a cut-price jeans brand to be sold through the discounter Wal-Mart. The new brand, Signature, was Levi's third main brand alongside Levi's and Dockers, and was launched in 2003. Levi's had previously refused to allow its jeans to be sold to discount retailers and supermarkets. The price was set at £15 (€22), just above the £14 (€20) average for jeans in the USA. The range targets men, women and children, and has less detailed finishes than other Levi's lines. For example, the jeans do not have the company's trademark red tab or stitching on the pocket. The move brings Levi's directly into competition with Wrangler and Lee.

Questions

1. Using the anatomy of brand positioning framework, analyse the Levi's brand in 1996 and 1999. Why has the positioning of the brand changed?
2. Do you believe that the Levi's brand positioning is retrievable? Should Levi's relaunch using a different brand name?
3. Assess the steps taken by Levi Strauss to restore Levi's as a successful brand.
4. Explain the apparent contradiction between Levi's concern for cut-priced Levi's appearing in Europe and its decision to launch a discount brand in the USA.

This case was prepared by David Jobber, Professor of Marketing, University of Bradford, based on: Buckley, N. (2002) Levi Strides into Mall's Discount Heart, *Financial Times*, 31 October, 23; Day, J. (1999) Levi's Plans New Stores, *Marketing Week*, 2 September, 7; Espan, H. (1999) Coming Apart at the Seams, *Observer*, Review, 28 March, 1–2; Jardine, A. (2003) Trendsetter, *Marketing*, 27 February, 18; Lee, J. (1999) Can Levi's Ever Be Cool Again?, *Marketing*, 15 April, 28–9; Lee, L. (2000) Can Levi's Ever Be Cool Again?, *Business Week*, 13 March, 144–8; McElhatton, N. (2003) Pre-testing Helps Ad Effectiveness, *Marketing*, 8 May, 27–8; *Marketing*, 10 October, 21.

case sixteen

Reinventing Burberry

It is called 'doing a Gucci' after Domenico De Sole and Tom Ford's stunning success at turning nearly bankrupt Gucci Group into a £7 billion (€10 billion) (market capitalization) fashion powerhouse. Since 1997 when she took over, Rose Marie Bravo's makeover of the 148-year-old Burberry brand looks like following the same path.

The Burberry story began in 1856 when Thomas Burberry opened his first gentlemen's outfitters. By the First World War, business was booming as Burberry won the contract to supply trench coats to the British army. Its reputation grew when it proved its contribution to the national cause. The Burberry check was introduced in the 1920s and became fashionable among the British middle to upper classes. Later, appearances on Humphrey Bogart in *Casablanca* and Audrey Hepburn in *Breakfast at Tiffany's* gave the Burberry trench coat widespread appeal.

Bought by Great Universal Stores in 1955, the brand's huge popularity from the 1940s to the 1970s had waned by the 1980s. A less deferential society no longer yearned to dress like the upper classes and the Burberry brand's cachet fell in the UK. This was partially offset by a surge in sales to the newly rich Japanese and other Asians after they discovered its famous (and trademarked) tan, black, red and white check pattern. By the mid-1990s, the Far East accounted for an unbalanced 75 per cent of Burberry sales. British and American consumers began to regard it as an Asian brand and rather staid. Furthermore, distribution was focused on small shops with few big fashion chains and upmarket stores like Harrods stocking the brand. In the USA, stores like Barney's, Neiman Marcus and Saks only sold Burberry raincoats, not the higher profit margin accessories (e.g. handbags, belts, scarves and wraps).

Change of strategy

These problems resulted in profit falls in the 1990s culminating in a £37 million (€53 million) drop in profits to £25 million (€36 million) in 1997. This prompted some serious managerial rethinking and the recruitment of American Rose Marie Bravo as the new chief executive. Responsible for the turnaround of the US store chain Saks Fifth Avenue, she had the necessary experience to make the radical changes required at Burberry.

One of her first moves was to appoint young designer Roberto Menichetti to overhaul the clothes range. His challenge was to redesign Burberry's raincoats and other traditional products to keep them fresh and attractive to new generations of younger consumers. Furthermore, he sought to extend the Burberry image to a new range of products. The Burberry brand name began to appear on such products as children's clothes, personal products, watches, blue jeans, bikinis, homewares and shoes in order to attract new customers and broaden the company's sales base. Commenting on Menichetti, Bravo said, 'Coming in, I had studied Hermes and Gucci and other great brands, and it struck me that even during the periods when they had dipped a bit, they never lost the essence of whatever made those brands sing. And I thought, "This man will retain what's good and move us forward."'

A second element of her strategy was to bring in advertising agency Baron & Baron and celebrity photographer Mario Testino to shoot ads featuring models Kate Moss and Stella Tennant. Other celebrities, such as the Beckhams, Callum Best, Elizabeth Jagger, Nicole Appleton and Jarvis Cocker, have also featured in Burberry advertising. The focus was to emphasize the new credentials of the Burberry brand without casting off its classic roots. Getting key celebrities to don the Burberry check in its advertising was highly important in achieving this.

A third strand in Bravo's strategy was to sort out distribution. Unprofitable shops were closed and an emphasis placed on flagship stores in cosmopolitan cities. Prestige UK retailers including Harvey Nichols have been selected to stock exclusive ranges. Bravo commented, 'We were selling in 20 small shops in Knightsbridge alone, but we weren't in Harrods.' Also, stores that were selling only raincoats were persuaded to stock high-margin accessories as well. Burberry accessories have increased from 20 per cent to 25 per cent of turnover. This is part of a wider focus on gifts—the more affordable side of luxury that can drive heavy footfall through the stores. As Bravo says, 'Burberry has to be thought of as a gift store. Customers have to feel they can go into Burberry and buy gifts at various price points.'

International expansion is also high on Bravo's priority list; 11 new stores were opened in 2002, including flagship stores in London, New York and Barcelona. The New York store on 57th Street was the

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realization of a personal dream for Bravo, whose vision was to replace the store it had been running in Manhattan for almost 25 years with one that was bigger, better and far more profitable. It is the biggest Burberry store worldwide and has a number of Burberry 'firsts': a lavish gift department, a large area for accessories, private shopping and an in-store Mad Hatters tea room. It also offers a service called Art of the Trench where customers can get made-to-measure trench coats customized by allowing them to pick their own lining, collar, checks and tartan. The Barcelona store was regarded as vital in helping to reposition the Burberry brand in Spain. Prior to its opening the brand was slightly less fashionable and sold at slightly lower prices than in the UK. The opening of the Barcelona store saw the London product being displayed for the first time as Burberry move towards one global offering. Besides the USA and Spain, Burberry's third priority country is Japan since it is an enormous market for the company already. Future expansion will see another 30 stores opening, bringing the chain up to 100 stores worldwide.

The results of this activity have been astonishing. Profits have been on an upward slope, rising to £110 million (€158 million) in 2002–3 from £85 million (€122 million) a year earlier, a 29 per cent increase. Sales rose 19 per cent to £594 million (€855 million) from £499 million (€719 million). In July 2002, Great Universal Stores floated part of Burberry, its subsidiary, on the stock market, raising £275 million (€396 million).

Burberry does face problems, however. One is the weeding out of grey-market goods, which are offered cheaply in Asia only to be diverted back to western markets at discounts. Not only are sales affected but brand image can be tarnished. Like Dior before it, Burberry is willing to spend the necessary money to try to eliminate this activity. Another problem is that of copycats, which infringe its trademark. Burberry claims to spend about £2 million (€2.88 million) a year fighting counterfeits, running advertisements in trade publications and sending letters to trade groups, textile manufacturers and retailers reminding them about its trademark rights. It uses an Internet-monitoring service to help pick up online discussion about counterfeits. It also works with Customs officials and local police forces to seize fakes and sue infringers.

Models and celebrities are used to advertise the Burberry brand.

Questions

1. How were the clothes bearing the Burberry name augmented to create a brand before the 1980s?
2. What elements of the brand-building factors discussed in this chapter have been used by Rose Marie Bravo since 1997 to rebuild the Burberry brand?
3. What problems might arise in trying to build Burberry into a global brand?
4. What are the dangers inherent in Burberry's strategy since 1997?

This case was prepared by David Jobber, Professor of Marketing, University of Bradford, based on: Anonymous (2002) Burberry, *Marketing*, 1 August, 17; Anonymous (2003) Retail Brief—Burberry Group plc, *Wall Street Journal*, 23 May, 6; Heller, R. (2000) A British Gucci, *Forbes*, 3 April, 84–6; Voyle, S. (2002) Looking beyond the Traditional Trench Coat, *Financial Times*, 12 November, 12; White, E. (2003) Protecting the Real Plaid from a Sea of Fakes, *Wall Street Journal*, 7 May, 1.