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# Learning Objectives

Strong brands can convey powerful values based on their advantages for consumers and owners. A well-managed brand attracts consumers, talent, stakeholders, and investors, while improving and sustaining employee engagement. For this reason, strategic management techniques, tools, and success factors are of essential importance for corporations, managers, and researchers. Brand management has therefore gained more significance from a global perspective, with products, prices, and distribution channels becoming increasingly similar worldwide.

Additionally, local operating corporations are increasingly competing against global players thanks to digitilization. E-commerce, social media, and other digitally driven advancements have changed consumer behavior considerably. Consumers can search, compare, communicate, and buy online worldwide. Therefore, having a strong brand is crucial for creating and expanding long-term, profitable consumer relationships and for securing a solid market position.

Managing brands on a global scale poses many challenges, making it necessary to adopt sophisticated tactics and approaches.

The **Global Branding** course will cover key aspects of strategic development and brand management from a global perspective. We will start with an analysis of the general market conditions that affect brands on local and global scales, before defining the parameters of brand equity, considering how to position a brand globally, and identifying the reasons why trademark rights are crucial. We will then delve deeper into the question of how to find the right balance in the marketing mix, including brand communication, and will shed light on different brand types, taking into account the management of brand portfolios and architectures. Special features such as employer and personal branding will also be discussed from a global perspective and underlined by practical examples. Relevant international management aspects will be presented, including the country-of-origin effect, standardization versus adaptation decisions, and considerations for entering markets. Finally, the course will provide important insights into brand tracking tools and one of the most crucial management techniques: how to measure brand equity.

# Unit 1 – The Necessity and Importance of Brand Management

**Study Goals**

On completion of this unit, you will be able to:

* Define a brand.
* Recognize what is important when brands access global markets.
* Differentiate brands and assess their importance for companies and consumers.
* Make strategic decisions about global brands.

# 1. The Necessity and Importance of Brand Management

## Introduction

Driven by globalization, companies enter foreign markets with their brands mainly focused on economic goals such as lower costs or higher sales. Brands are distributed across national boundaries, presenting new opportunities, as well as new challenges. Multinational corporations must be sensitive to the different markets they serve, taking care to respect linguistic and cultural differences. Local marketing teams must be empowered and the corporate branding has to be translated for the local audience. Balancing local and global is a difficult act.

The complexity of global brand management has not necessarily been resolved by digital technologies. The evolution of media is both a blessing and a curse for branding. It helps brands to get their message out and engage consumers in corners of the world that were not accessible before. However, the digital world is also something of a lawless environment. Managers can lose control over their brands and the consumer has gained unexpected power.

Set against this background, the role of a global brand manager has become increasingly important in ensuring a consistent consumer experience at every step along the customer journey. Global brands use various strategies to operate in different countries based on standardization and differentiation. These influence every marketing action and are linked to the political, economic, and social factors of a country.

## 1.1 What Exactly is a Brand?

Branding is not a new phenomenon and has for many centuries served to differentiate goods from each other. According to the American Marketing Association (AMA), “a brand is a name, term, sign, symbol, or any other feature that identifies one seller’s goods or services as distinct from those of other sellers” (AMA, n.d., para. 1). Based on this definition, a brand is born whenever a new name, logo, or symbol for a new product is created (Keller & Swaminathan 2019). The famous brand Coca-Cola impressively illustrates the value a brand can add to a product as common as a soft drink. In short, the brand can serve as a value creator.

Value of a Soft Drink Brand



Generally, the concept of a brand goes beyond a mere technical idea. We all associate different things with a brand like Coca-Cola: past experiences, the taste, the shape of the bottle, emotional events, etc.

However, Esch’s (2017) definition goes a step further, and we will use this as a basis for our understanding in the following units: Brands are mental images in the minds of the brands’ stakeholders, which cover functions of identification and differentiation and shape consumer behavior. This definition is multi-dimensional, and its different facets will be explained in more detail in the following sections.

## What is a Global Brand?

Besides the general understanding of a brand in the overall context of the course, it is also important to understand the specifics of a global brand.

Steenbeck (2017, p. 3) explains that a global brand is recognized and accepted in multiple regions of the world, since it “shares the same principles, values, strategic positioning, and marketing” wherever it is available, and its management is internationally coordinated, even if the marketing mix varies.

**Positioning**

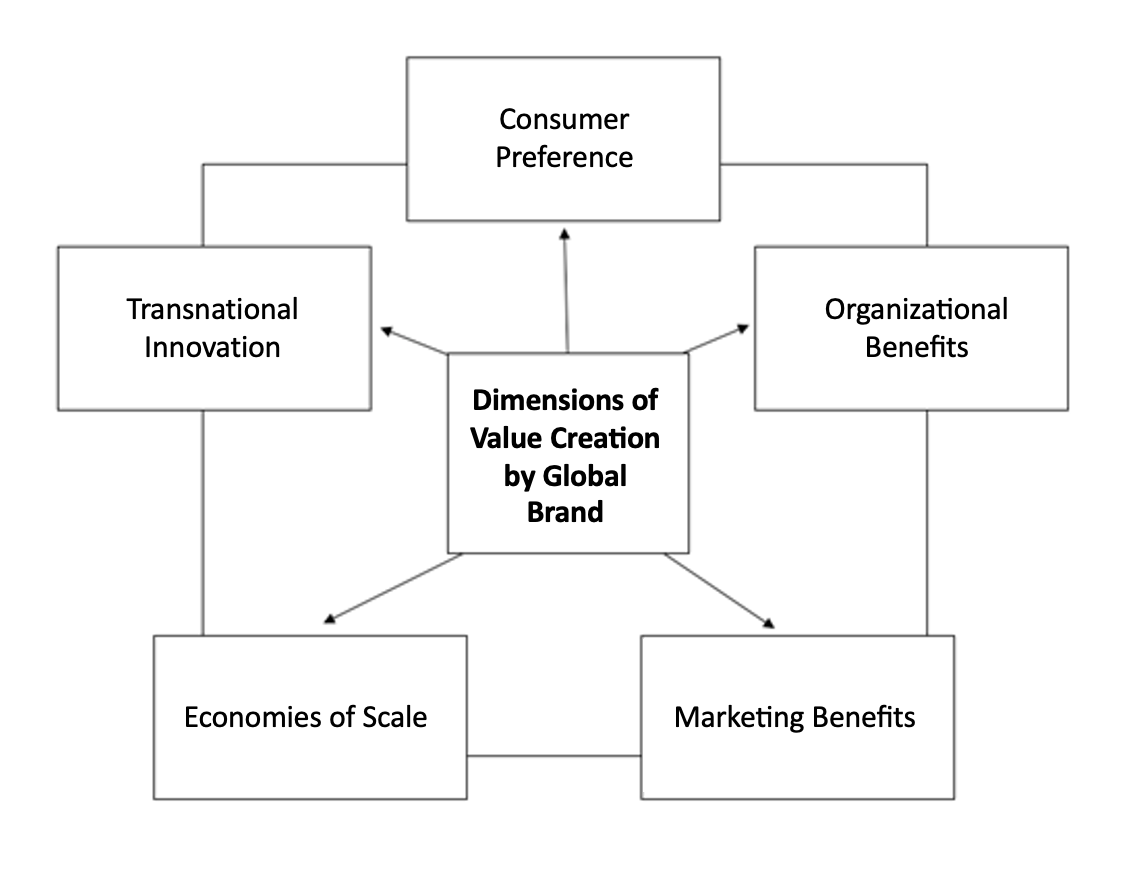
This is where a brand stands in relation to competitors offering similar products and services in the marketplace and in the consumer’s mind.

To reiterate, the **positioning** of a global brand is usually consistent around the world, so that if the brand uses a premium pricing strategy, it will be premium priced across all markets. However, in order to meet local needs and competitive requirements, the marketing mix must be adapted at least slightly. For example, Coca-Cola has a sweeter taste in the Middle East than in Europe (Steenkamp, 2017, p. 3). While highlighting the value-creating potential of globally positioned brands, Steenkamp (2017) also draws attention to some of the risks involved in managing international brands:

* Global brands are complex for organizations and managers, and companies should realize that global brand strategies can also fail.
* Poor brand management may become even more apparent on a global scale.
* Whether a brand is global or not is typically not known by consumers or does not matter to them.
* Challenges in developing global brands do not follow the same logic, e.g., they may even be different within a certain product category (think of Toyota vs. Ferrari globally).

Steenkamp (2017) offers a useful management tool for global brands, the so-called COMET framework, which will be explained in more detail in the next unit. The following figure demonstrates the dimensions of value creation a global brand can deliver to customers and companies:

Dimensions of Value Creation in Global Branding



These dimensions include some subcategories, which need to be considered. Consumer preferences are divided into global culture, quality, and country of origin; transnational innovation means advantages like bottom-up innovation or pooling effects in R&D; marketing benefits include media spillovers or pooling of resources; economies of scale are cost advantages, for example relating to production processes; and finally organizational values are especially linked to the creation of corporate identity (Steenkamp, 2017).

### Self-Check Questions

1. Please list three dimensions of value creation in global branding.

*It leads to customer preferences.*

*It offers organizational benefits.*

*It provides marketing benefits.*

*It can lead to economies of scale.*

*It fosters transnational innovation.*

1. Please tick the correct statements.

* *Consumers usually do not know if a brand is global, or they do not care.*
* Consumers are all the same around the globe and care about the global status of a brand.
* Most world citizens differ in their behavior but have a high level of knowledge about global brands.

1. According to the American Marketing Association (AMA), a brand is characterized by the following aspects:

* *It can be a name, term, sign, symbol, design, or any combination of these elements.*
* It can be a colour, number, human, story, or a mix of them.
* It can be a name, character, animal, or color, or a mix of them.

## 1.2 General National and International Market Conditions

Building brands in international markets is a challenging task for managers, who are obliged to rethink national brand strategies. A key question is whether to standardize or customize the brand internationally. Research has shown that internationally successful brands consider the socioeconomic and cultural conditions of different countries when building their international brand strategies. It is therefore important for managers to collect a solid base of information about foreign markets when making decisions about international brand strategies (Roth, 1995).

The process of brand globalization

Managers need a proper strategy to effectively build a global brand. Kapferer (2012) describes some necessary stages in the process of brand globalization:

* Describing your brand identity
* Selecting regions and countries
* Entering the markets
* Selecting the brand architecture
* Selecting products adapted to the markets
* Designing global campaigns (Kapferer, 2012, p. 488)

#### Defining global brand identity

Establishing a strong brand identity is key to successful globalization. Hence the first important step is to define and clarify the identity of the brand in order to avoid misinterpretations in understanding and translation processes. Managers need to develop a global consensus, e.g., using wording that is generally accepted and understood (like ‘dynamic’ or ‘high quality’) and at the same time creates a special character with a unique differentiation.

Kapferer (2012, p. 488) suggests managing global brands as “universal stereotypes”. Generally, brands are built around consumer insights, which can be beliefs, expectations, or attitudes associated with the brand. Therefore, global brands need to identify international insights which are widespread and can be exploited by the brand. Managers need to sharpen the global brand identity by making comparisons, by underlining the brand’s identity with images (building a brand concept board), by training initiatives and by working with local **brand ambassadors.**

**Brand Ambassadors**

People employed to represent a brand and promote it in a positive way.

It is also important not to delegate strategic aspects to local dimensions, e.g., the brand’s media or communication strategy.

The global positioning process also includes distinguishing between a brand’s domestic identity and its international status. For example, the famous Italian pasta brand, Barilla, is perceived very differently across countries:

Barilla’s Global and Local Brand Images

|  |  |  |  |
| --- | --- | --- | --- |
| **Percentage of respondents perceiving the brand to be:** | **Italy** | **France** | **Germany** |
| High quality | 34.9 | 56.9 | 40.6 |
| Trustworthy | 56.6 | 44.8 | 17.4 |
| Good value for money | 33.8 | 26.8 | 17.2 |
| Fashionable | 11.0 | 19.6 | 26.1 |
| Authentic | 8.9 | 16.0 | 13.7 |

The table illustrates how differently the brand Barilla is perceived at home in Italy compared to the German and French markets in terms of quality, trust, or fashion perceptions. In foreign countries, Barilla is perceived as a top quality Italian brand offering lower value for money. This is the opposite in Italy, where Barilla is perceived as a mainstream brand. The example shows that brand managers should try to position their brand at the top of the range when they export it, even if the brand is mainstream in the domestic market (Kapferer, 2012).

The penetration of foreign markets is not something that happens as often as we might believe. Companies tend to have a restrained approach to the globalization process. One reason could be that successful globalization ideally starts with the brand already occupying a pole position in the national market. Furthermore, not every foreign market offers potential for every brand. McDonald’s, for example, distributed their brand around the world very cautiously. Insights about the potential opportunities and barriers of each country are necessary in the selection phase of every global brand strategy and, according to Kapferer (2012), should include:

* Size of the current market
* Market potential, growth indicators, segmentation (e.g., by maximizing purchasing power)
* Competitors’ characteristics and their ability to react (differentiation potential)
* Brand equity in the foreign country (based on tourism or global media)
* Distribution channels which will help to support the brand concept
* Local network of commercial partners, media, and agencies
* No market entry barriers (e.g., formal and informal regulations)
* No already registered brand name

Brand managers also need to consider certain trade barriers in foreign countries, such as those encountered in the car industry in India and Brazil in the past (Kapferer, 2012). Moreover, the sequence in which countries, regions, and continents are entered is a strategic decision. Previous cases have shown that for the US, the perceived globalness of a brand has no positive impact on the buying decisions of US consumers, so it would not be advantageous for brands wanting to penetrate the US market to start entering another country in order to achieve some status of globalness (Kapferer 2012).

**Horizontal vs. Vertical Crunch**

Horizontal crunch means reducing the horizontal range of brands and positioning specific brands below others in niches. Vertical brand architectures with three levels of branding are reduced to two levels for the sake of increased efficiency.

#### Further stages to consider in the globalization process

* Accessing the selected markets: Basically, brand managers have two key strategic options for entering national markets: Either they create a new category or segment an existing one.
* Adapting the brand architecture: The brand architecture has to be adapted to the country and can take the form of either the **horizontal crunch or** the **vertical crunch**.
* Creating products relevant to the markets: Decisions at this stage should be made from the perspective of long-term goals, meaning that all adaptations will influence the overall brand strategy. Short-term success should not be the focus.
* Constructing global campaigns and globalizing communication processes: Managers need to balance the communication strategy of brands by globalized advertising and at the same time motivate involved countries and integrate their specific creativity.

In brand management, it is vital to carefully study the different market conditions and define a global strategy based on solid information, with a long-run perspective.

### Self-Check Questions

1. Please complete the following sentence:

The basis of a brand’s globalization is its *identity.*

1. The brand architecture has to be adapted to the country and can strategically adopt either a ‘horizontal crunch’ and/or a...

* horizontal crash
* *vertical crunch*
* vertical brunch
* linear crunch

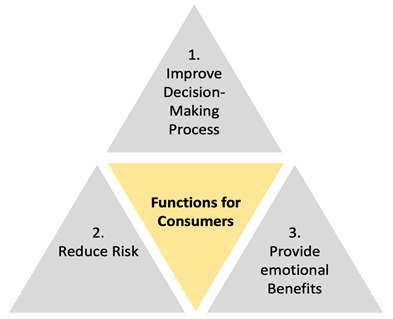
1. Why do many companies not globalize their brands?

*Because they are not in the pole position of their market.*

## 1.3 Relevance of Brands for Consumers

Consumers basically value brands for three functions. The following picture gives an overview of the key functions based on Steenkamp (2017):

Functions of Brands for Customers



First, brands help to make decisions in our lives easier. In our everyday routines, we do not have to think about which smartphone or toothpaste to use, or which channel to watch a movie on. In most decision processes we have certain brands in our mind we trust to serve a specific purpose. Our minds retain **brand knowledge**

**Brand Knowledge**

This is a specific combination of brand awareness and brand image. It refers to the thoughts, feelings, and experiences that the consumer comes to associate with a brand



in associative networks. If you recognize a brand and have some knowledge about it, then you can easily access and use this knowledge in decision making processes. Usually, a consumer takes four to five seconds to make a purchase decision in a supermarket at home. For consumers shopping in a foreign country, the decision-making process can take three times as long (Steenkamp, 2017, p. 7). This even applies to cognitively undemanding tasks like grocery shopping.

Secondly, brands can be said to reduce risks in product decisions: A former Unilever chief marketing officer (CMO) emphasized that “a brand is the contract between a company and consumers. And the consumer is the judge and jury. If (s)he believes a company is in breach of that contract either by underperforming or reducing quality service rendering, the consumer will simply choose to enter a contract with another brand” (Steenkamp, 2017, p. 7). This connection is understood by all customers, for whom the brand name is a sign of product quality. The brand name has the potential strength to influence customers’ judgments. Research has shown that consumers are not able to differentiate unbranded products. For instance, in a blind beer tasting experiment participants could not distinguish between ten beer brands (from bottles without labels) when rating taste. On the other hand, the flavors of the beer could be distinguished when the bottles were branded (Allison et al., 1964).

**Emotional Benefits**

Consumers are connected to a brand because of emotional benefits. Consumer decisions are indeed driven by emotional connections, not only rational facts. It is therefore important for brands to deliver emotional benefits.

A third key function is related to **emotional benefits**: Successful brands fulfill consumers’ emotional needs. Marketers have known for decades that consumers can attach emotional meaning to brands. For example, Starbucks is a famous place for business meetings in China since it transfers an international and sophisticated image to the host (Steenkamp, 2017, p. 9). Emotional benefits are becoming ever more important. As prices fall for almost all product categories and mass-manufactured goods, decisions are not really about price differences, but are rather made in the hearts of consumers.

Value of global brands for consumers

Referring to Steenkamp’s (2017) COMET model (chapter. 1.1), global brands are relevant for consumers for three key reasons: quality, global culture, and country of origin.

#### Global value creation through quality

Globally available and widely consumed brands are associated with a high quality by many consumers. They assume that brands without a strong global position must be of lower quality. The Beiersdorf brand NIVEA even uses the global approach in their communication strategy: “64 countries, 1 face care line, 0 wrinkles.” Nivea is “the world’s #1 selling anti-age face care line.” and “the world’s best-selling brand among men” (Steenkamp, 2017, p. 21).

#### Global value creation through global culture

Consumers use global brands as symbols of cultural ideals. These brands help them to form a global identity that they share with likeminded others. Consuming global brands is a passport to global citizenship for these consumers. In a study of customer perception, consumers could not distinguish the taste of ten beer brands when the bottles were unlabeled. However, when they could see the labels, they could differentiate the flavors of the beers (Steenkamp, 2017, pp. 22-23).

#### Global value creation through country of origin

**Country-of-origin effect**

Also known as made-in image, or nationality bias, country-of-origin effect is a psychological factor that explains the influence of a brand’s country of origin on attitudes, perceptions, and purchase decisions.

The association of global brands with a specific country of origin can lead to consumer preferences. Certain countries are known for particular qualities, real or imagined, which are globally recognized and valued. The so-called **country-of-origin effect** can influence overall product categories. For example, Barilla (“Italy's No. 1 Pasta”) and L'Oréal (“L'Oréal Paris”) are valued by consumers because they are positively associated with the Italian and French cultures respectively. The effect can also have negative impacts (Steenkamp, 2017, pp. 24-25).

### Self-Check Questions

1. Please list three dimensions of global brand value creation for consumers.

*It provides high quality marketing.*

*It provides a global culture.*

*It transfers a country-of-origin image.*

1. Please tick the correct statements.

* *As prices fall for almost all product categories and mass-manufactured goods, decisions are not really about price differences, but are rather made in the hearts of consumers.*
* As prices fall for almost all product categories and mass-manufactured goods, decisions are not really about the smallest price differences.
* As images for almost all brands become weaker, decisions are not really about the brand, but rather made rationally.

1. Please complete the following sentence:

Global brands can be symbols of *cultural* ideals for customers. They use these brands to form a *global* identity that they share with *likeminded* people.

### 1.4 Relevance of Brands for Companies

The relevance of strong brands for companies is evident in a number of key benefits (Esch, 2017):

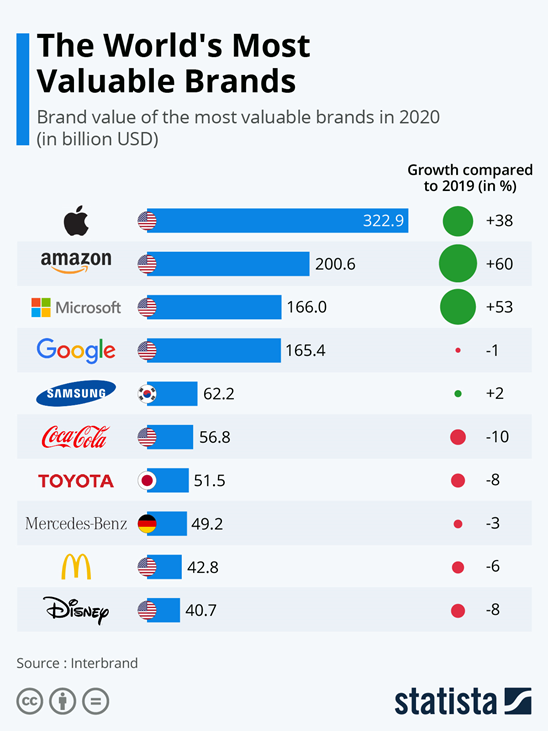
* Market differentiation
* Higher margins
* Better trade cooperation and support
* More effective marketing communication

**Brand Value**

This is the monetary value of the brand, an estimation of how much the brand is worth based on the current market climate. It is not the same as brand equity.

Depending on its management skills, a company can take advantage of these benefits, but they cannot by any means be taken for granted. It takes hard work to achieve brand strength. Strong brands are core strategic assets for companies and can add tremendous value. Various organizations regularly present global brand rankings with estimated values. For example, Interbrand and Millward Brown share their **brand value** reports every year. Interbrand’s 2020 analysisof the most valuable brands around the globe shows the following picture:

Brand Value of the Most Valuable Brands in 2020



Based on the ranking, Apple is at the top followed by Amazon, Microsoft, and Google, all US-based brands. The only European brand in the top 10 from Interbrand’s 2020 list is the German car manufacturer Mercedes Benz.

Considering the high value of global brands raises the question of how such values can be managed properly. The COMET scorecard developed by Steenkamp (2017) is a management tool for global brands. The test is designed to evaluate a global brand’s strengths and weaknesses. The diagnostic test scores indicate whether action for brand management is needed, e.g., when the brand scores low on a certain dimension. Additionally, the analysis helps to create a snake diagram for competitors’ brands by rating them on the basis of freely available data. How are those brands being managed differently, and how do they score comparatively on specific COMET dimensions (Steenkamp, 2017, pp. 40-42)?

The process of using this diagnostic test (the COMET scorecard) can be divided into three steps:

1. Administer the Scorecard

* Select a group of managers with different functions for the scoring
* Instruct them to rate brand X on a 7-point scale from 1 “strongly disagree” to 7 “strongly agree” on each COMET-dimension; the rating should describe the real status of the brand and not its goals.
* Use the following dimensions for the scoring:

|  |  |
| --- | --- |
| **Consumer Preference** | **Scale (1-7)** |
| Brand X is seen by our target segment as being of high quality *because* of its global availability, acceptance, and success. |  |
| Brand X is seen by our target segment as an icon of the global culture. |  |
| Brand X is seen by our target segment as being associated with a favorable country of origin. |  |
| **Organizational Benefits** |  |
| We rapidly roll our new products around the world under Brand X. |  |
| We make global competitive moves with Brand X. |  |
| Brand X creates a corporate identity for our firm. |  |
| **Marketing Program Superiority** |  |
| Brand X benefits from significant cross-national media spillover and/or exposure to international travelers. |  |
| We pool marketing resources across countries for Brand X. |  |
| We leverage the best marketing ideas from around the world to promote Brand X. |  |
| **Economies of Scale** |  |
| We generate significant economies of scale in supply-chain/procurement for Brand X. |  |
| We generate significant economies of scale in production of Brand X. |  |
| **Transnational Innovation** |  |
| We pool R&D resources across countries to develop new products for Brand X. |  |
| We take local innovations to the global marketplace under Brand X. |  |
| We take frugal innovations to the global marketplace under Brand X. |  |

1. Construct Snake Diagram: At this stage you need to obtain the averages per item.
2. Work on an Action Plan using the following interpretations based on the results.

|  |  |  |
| --- | --- | --- |
| **Score** | **Interpretation** | **Action** |
| **<4** | Not used to create brand value | Missed opportunity or conscious choice? |
| **4-5** | Some use | Intensity use of this factor |
| **>5** | High use | Maintain, possible further increase |

### Self-Check Questions

1. Which is the only European brand in the top 10 from Interbrand’s 2020 brand equity ranking?:

*Mercedes Benz.*

1. The COMET diagnostic tests include the following dimensions:

* *Customer preferences*
* *Economies of scale*
* *Transnational Innovation*
* International cooperations
* Local preferences

1. List three key brand values for companies.

*Differentiation from competitors, better margins, greater trade cooperation and support, increased marketing communication effectiveness*

Summary

The global marketplace not only impacts companies and worldwide trade mechanisms, it also influences how brands are managed. Brand managers have realized the clear benefits of doing business on a global scale, e.g., an increased customer base resulting in higher revenue and profit. Yet the creation of a global brand implies more than just translating advertisements into different languages; it requires clever tactics and knowledge-based strategies to succeed. Top global brands like Apple, Google, or Starbucks have achieved worldwide positioning in customers’ minds, keeping the look and feel of their brands consistent in every country. They carefully study the needs, culture and values of each country they wish to enter so that they can adapt dimensions of their products or services accordingly, such as their communication strategies, even if only slightly.

To understand the key techniques of successful global brand management, we have started with the basics. After defining a brand and looking at specifics of global brands, we differentiated the values a global brand can deliver from the perspectives of both customers and the company. It is important to understand these foundations before delving deeper into technical details of global brand management.

We have learned that customers value global brands for different reasons. Three key aspects are quality, global culture, and country of origin. For example, customers use global brands in order to feel part of a global culture. Also, global brands with specific country-of-origin images help consumers to transfer certain country-specific quality symbols or even clichés from the brand to the product. We have considered the potential values global brands can deliver to companies, and we have looked at the COMET management tool for structuring the complex process of global branding.

# Unit 2 – Goal of Brand Management

**Study Goals**

On completion of this unit, you will be able to:

* Identify the criteria for global brand equity management.
* Decide what is relevant for growing brand equity strategies.
* Differentiate between rational and emotional brand identity elements.
* Understand the role of the personality of a brand.

# 2. Goals of Brand Management

## Introduction

A major goal of brand management is to develop and maintain brand equity. From a global brand management perspective, this is even more challenging because global objectives and local characteristics must be well balanced. Brand equity development may differ in each foreign market in which the brand is present. A successful brand needs a solid base of brand awareness and strong brand associations around the world. There may be only slight differences between some countries,, but major differences exist between developed and developing or emerging markets. Income level and consumer behaviour is very different in developing markets. Overall, global brand managers need to use tools and systems to meet these challenges. In this unit, key tools are presented, e.g., the “Ten Commandments of Global Branding” by brand equity experts Kevin Keller and Sanjay Sood (2001).

Additionally, a tool to develop brand identity will be presented: the “brand steering wheel”. This model is useful for coordinating the various elements that constitute a brand and it can help to balance rational and emotional dimensions. Finally, the widely used brand personality approach, which treats brands as personified characters, will be discussed. The underlying premise of this framework is that high equity brands all share in common the fact that consumers can easily describe their personality. Aaker’s brand personality scale (1997) can help to figure out and optimize the specific characteristics of the brand.

## 2.1 Brand Equity as a Control Parameter in Defining Brand Objectives

A key task of brand managers is building and controlling brand equity and making strategic decisions about effective marketing programs and activities (Keller et al., 2019). Strategic brand management mainly includes the following tasks:

### “1. Identifying and developing brand plans

### Designing and implementing brand marketing programs

### Measuring and interpreting brand performance

### Growing and sustaining brand equity” (Keller et al., 2019, p. 59)

#### Identifying and developing brand plans

The first step for brand managers in the strategic process is to realize what the brand stands for and how to position it in the market. For the brand planning process, the following approaches are useful: the brand positioning model, the brand resonance model, and the brand value chain.

#### Designing and implementing brand marketing programs

Step 2, designing and implementing brand marketing programs, is important for building a strong brand and aims at developing a solid knowledge base regarding the brand in the consumer segment. In this phase, brand managers need to make decisions about key brand elements, e.g., symbols, brand name, or slogans. Since a major contribution to brand equity development is based on brand-related marketing activities, it is also necessary in this phase to define the product strategy, the pricing strategy, and the media and communications strategy. Licensing, distribution channels, and sponsored events are just a few touchpoints that can influence a brand’s equity, even if not directly, and these require a careful balancing act (Keller et al., 2019).

#### Measuring and interpreting brand performance

Many successful brands have one thing in common. They have integrated a well-designed brand equity measurement system. The systematic measurement of brand equity is a process that provides brand managers with relevant information to help them to make the right decisions. The information has to be accurate, actionable, timely, and based on fundamental research. The system should consist of **brand audits**, brand tracking studies, and a brand equity management system. Brand tracking studies measure brand performance mainly based on quantitative data, regularly collected over time. The specific measures can be identified through the brand audit or other means (Keller et al., 2019).

#### Growing and sustaining brand equity

Brand equity is not something that firms can build overnight. Neither is it something that remains constant. It requires effective marketing management and must be seen as a constant process of quality control, development, and improvement (if needed). Developing and maintaining brand equity is a challenging task, especially in a global context. Keller et al. (2019) describe three key aspects to focus on when managing brand equity: brand architecture, time, and geographical/cultural boundaries.

## 2.2 Defining Brand Architecture

The architecture of a brand defines a company’s organizational structure for its brands, services, and products – a framework that acts as a guideline for key strategic objectives. To develop brand architecture guidelines, it is necessary to work on the portfolio and hierarchy of the brand. A brand portfolio includes the various brands a company offers in a certain category, while the brand hierarchy shows the relationships within the family of brands that make up the portfolio of the company.

### Brand equity management over time

Keeping a long-term perspective is an important aspect of brand management because consumer knowledge changes relatively slowly over time and therefore marketing programs must be managed with a long-term view as well. Managing brands for the long run means creating proactive strategies which help to maintain and strengthen brand equity even if external and internal changes occur (Keller et al., 2019). Consistency is the key success factor for high value brands, but keeping a brand consistent does not mean avoiding change. In order to make the right decisions over time, it is crucial to stay aware of the major brand associations. For example, brands associated mainly with rational benefits need to focus on innovation. If a brand has been moved in the wrong direction, revitalizing strategies are needed. Brand managers need to recover lost sources of brand equity or develop undiscovered ones. In a repositioning process a thorough investigation of target markets has to be carried out. In some cases, brand managers need to retire brands from their portfolio, because they are associated with a dissonant image. Crises also have to be taken into consideration when managing a brand over a longer period. A crisis can destroy a brand image within just a few days, since digital media can accelerate negative communication about the brand, and therefore brand managers need to be equipped with recovery strategies (Keller et al., 2019).

#### The influence of geographic boundaries, culture, and market segments on brand equity

Equity management from a global brand management perspective is especially challenging, because consumer differences and characteristics have to be considered. Marketing programs need to be built on solid insights about the different international markets (Keller et al., 2019).

Keller et al. (2019) propose a useful self-evaluation rating based on ten important aspects in global brand equity management:

1. Identify analogies in branding from a global perspective

* Identify common aspects across international markets
* Understand specifics of different markets
* Analyse the marketing environment, e.g., consumer behavior, marketing infrastructure, legal issues

2. Brand building must be substantial

* Consider the process of creating brand awareness beyond brand image
* Plan a market-specific marketing program. This must be strategically planned from the bottom up.

3. Develop a marketing infrastructure

* Establish a sound marketing infrastructure (manufacturing, distribution, and logistics)
* Use existing marketing infrastructure in additional markets, if possible

4. Integrated marketing communications

* Consider non-traditional communication formats, other than conventional advertising
* Integrate marketing communications activities in every country

1. Count on brand partnerships

* Gaps in the existing marketing programs can be filled with partnerships in different countries
* Examine existing partnerships in terms of their potential for brand equity

1. Standardize and customize across countries

* Adapt marketing programs to each specific market as needed
* Add local elements to global ones in order to manage local appeal

1. Harmonize the control globally and locally

* Managers across the globe need to be guided by consistent principles
* Make clear for which decisions local managers assume responsibility

1. Develop practicable guidelines

* Global marketers need doable and brief guidelines to manage the brand, summarized in a document
* The communication processes between headquarters, regional and local marketers have to be managed seamlessly

1. The brand equity measurement system should be globally integrated

* Conduct brand audits and trackings in all relevant foreign markets
* The brand equity management system must be set up globally including brand equity reports and continuous brand equity tracking

1. Brand elements

* Existing brand elements must be audited for relevance globally
* Develop visual brand identities that work in different countries (Keller et al. 2019).

### Self-Check Questions

1. Please list three steps of a strategic brand management process.

*Identifying and developing brand plans*

*Designing and implementing brand marketing programs*

*Measuring and interpreting brand performance*

*Building and sustaining brand equity*

2. Please complete the following sentence:

Brand audits are a comprehensive *analysis* of the *health* and equity sources of a brand based on internal and external brand equity *insights*.

## 2.3 The Brand Steering Wheel for Brand Identity Development

In the early 2000s, the company Icon Added Value developed an identity tool based on imagery and hemispheric research insights, which brand researcher Franz-Rudolf Esch expanded in 2005 to create the brand steering wheel (Andresen & Nickel, 2005; Esch et al., 2005). Since then, it has been widely used by international companies (Esch, 2008, p. 64).

According to Aristotle, “the whole is greater than the sum of its parts.” This is also true for the brand identity, made of different parts, which are summarized in the following overview.

Brand Steering Wheel for Brand Identity Management

|  |  |
| --- | --- |
| Brand Steering Wheel for Brand Identity Management | |
| **Left Side**  Rational, logical dimensions | **Right Side**  Soft facts, emotions, feelings |
| **Brand tonalities**  Q: How am I?  **Brand Benefits**  Q: What do I offer?  Brand Competence  Who am I? | |
| **Brand attributes**  Q: What are my attributes? | **Brand iconography**  Q: How do I appear? |

Brand managers have to control the ways in which the single parts of the wheel interrelate. The four elements should support and strengthen each other to develop a bigger picture of the brand. The idea is that the identity characteristics of each part should really supplement each other and be synchronized. For example, the specific black finish of Montblanc’s writing instruments give them a sophisticated appearance that is in tune with the high quality of the brand (Kroeber-Riel, 2015).

The left side of the brand steering wheel mainly covers rational elements and these are divided into the two dimensions: **brand attributes** and **brand benefits**. It is important to differentiate between the two, because consumers “do not buy attributes but product benefits.” (Esch, 2008, p. 64).

### Brand Benefits and Attributes

According to Esch (2008, p. 67), it is vital to differentiate between attributes and benefits for the different target groups. This can be done with the help of two different questions: “What do I offer?” and “What are my attributes?”.

Brand benefits are differentiated by objective-functional aspects and psychological-social aspects. Objective-functional benefits include convenient access to a large variety of products on eBay, or the fast ordering-delivery process of the brand McDonald’s (Esch, 2008). Furthermore, usage experience can also be objective-functional. Softer factors like feeling cared for by the cosmetic brand NIVEA reflect psycho-social benefits. Although psycho-social benefits are often more valuable for consumers than objective-functional benefits, psycho-social benefits are difficult to detect from the consumer’s perspective (Esch, 2008). Explicit insights are often limited, because it is hard for consumers to verbalize or itemize psycho-social benefits. Implicit methods are useful for obtaining clearer information about such aspects.

A brand cannot generate any benefits without unique attributes. For instance, consumers associate the brand Mercedes-Benz with safe cars, not least because of safety attributes like many airbags or good brake deceleration.

The right-hand side of the wheel covers mostly soft dimensions like emotions, feelings, and non-verbal impressions, associated with brand tonality (“How am I?”) and brand iconography (“How do I appear?) (Esch, 2008).

**Brand tonalities (“How am I?”**)

Brand tonalities encompass emotions and feelings linked to a brand. Brand managers can detect them along three key axes (Esch, 2008, p. 66):

1. “Determining the brand personality.
2. Specifying brand relationships.
3. Determining relevant experiences.”

Analyzing the brand from these three angles helps to identify tonality. The brand personality approach will be described in more detail in 2.3. Basically, the idea is that consumers associate brands with personality traits, based on their experience of the brand and its communication. The personality of a brand offers key consumer benefits: it first reflects a user’s own identity (i.e., it enables users to express themselves) and second it delivers aspirations linked to their ideal self.

Besides brand personality, consumers value relationships with a brand (Fournier, 1998). Principally, relationships give people’s lives meaning by enriching and structuring them (Fournier, 1998). Consumers and brands can develop real relationships, and in this context Biel (2001) highlights two fundamental questions:

1. How do consumers perceive a brand?

2) How does the brand perceive the consumer?

For example, consumers of the brand Apple describe their brand relationship as amicable and even see the company as a friend or partner.

As mentioned above, a consumer’s specific experiences of a brand can be based on communication or personal experiences. Experiences have become highly relevant in today’s attention economy. Functional benefits can easily be replaced, but emotions and feelings towards a brand are unique and valuable, and consumers actively search for experiences (Schmitt, 1999; Kroeber-Riel & Esch, 2004). Therefore, it is crucial to define the brand’s experience clearly. For instance, the brand Barnes & Noble wants consumers to experience a feeling of being at home when reading their books (Esch, 2008, p. 68)

**Brand iconography (“How do I appear?”)**

The iconography of a brand is influenced by many aspects, which affect brand awareness (e.g., brand recognition, brand memory) or brand image. These aspects refer to personal and mass communication. The brand iconography should be based on various sensory experiences and should cover sound, touch, smell, and taste (Lindstrom, 2005). Examples include the shape of the Coca-Cola bottle or the “drumbone” sounds of Intel (Esch, 2008, p. 69).

**Brand competence**

The core of the wheel is defined as brand competence (“Who am I?”) and includes four major aspects (Esch, 2018):

1. Brand history and existence in the market: The brand Coca-Cola has existed for more than 100 years in the beverages market. Such long-term experience and competence of course positively impacts the other quadrants of the brand steering wheel.

2. Brand’s country of origin: This is an important aspect of any brand. For example, the car brand Porsche is often associated with positive values from its country of origin (e.g., German engineering, performance, and outstanding quality).

3. Brand’s market position: A market leader brand is often perceived as reliable; start-up brands are often perceived as flexible and modern. This again impacts the other quadrants of the brand steering wheel.

4. Core asset of the brand: For example, unique production methods, engineering, know-how from research and development, etc.

Brand competence is essential in forming brand identity and therefore located at the center of the brand steering wheel. The question relating to brand competence (“Who am I?”) covers emotional and objective, rational dimensions (Esch, 2008, p. 65).

Overall, the brand wheel quadrants are strongly interrelated: brand attributes support functional and psycho-social brand benefits, and brand tonalities appear in the brand’s iconography. Again, brand iconography is useful for shaping brand identity and maintaining consistency.

### Self-Check Questions

1. Please name three of the four aspects of brand competence.

*Brand history and length of experience in the market*

*Brand’s country of origin*

*Brand’s market position*

*Core asset of the brand*

## 2.4 Developing the Personality of a Brand

According to the Handbook of Management Scales (2016), “The notion of brand personality is based on the assumption that brands can be seen as human by consumers, as part of their daily lives. Brands, therefore, can be described in terms of their personality, as if they were people.” Brand personality dimensions were originally developed by researchers like Fournier and Aaker. Aaker’s (1997) framework draws on the “Big Five” dimensions of human personality.

The basic idea underlying the concept of brand personality is that brands can express personality traits or human values and become associated with human characteristics like being modern, lively, or old-fashioned. Keller et al. (2019) describe five key dimensions (each with further sub-dimensions) of brand personality: sincerity (down-to-earth, honest, wholesome, and cheerful), excitement (daring, spirited, imaginative, and up-to-date), competence (reliable, intelligent, successful), sophistication (upper class and charming), and ruggedness (outdoorsy and tough) (Keller et al., 2019, p. 114). Generally, brand personality evolves according to consumers’ deductions. For example, previous research found that non-profit brands are perceived by consumers as being warmer but less proficient than for-profit brands (Keller et al., 2019). It is also important to keep in mind that brand personality is influenced by any marketing activity, especially communication and advertising like the usage of images and persons in campaigns, e.g., the typical Abercrombie & Fitch models. A strong brand personality can also be difficult to change because consumers have a specific character in mind, which is firmly established (Keller et al., 2019). Consumers often opt for brands with a personality that goes in line with their actual self-concept, or even more with the image of their ideal self. This effect is particularly true for brands which are visible to others, and consumers who care a lot about how others perceive them are likely to pick brands which fit their desired image. A famous example of a brand with a strategically managed personality is the hospitality company Hyatt Hotels (Keller et al., 2019).

#### Measuring brand personality

Brand personality can be measured, which is important for analyzing the status quo and for defining goals. The first scales were developed in the late 1990s, mainly initiated by brand researcher Jennifer Aaker (1997) (Zarantonello & Pauwels-Delassus, 2016). Aaker’s scale has become quite prominent in applied and academic brand research over the last decades, even though some researchers, e.g., Romaniuk and Ehrenberg (2012), have criticized the scale in terms of its usefulness. Even so, Aaker’s scale has been adopted by several scholars, who have shifted the focus, for example by redefining brand personality as a set of “personality traits”, as opposed to Aaker’s “human characteristics”, discarding items like age or gender (Zarantonello & Pauwels-Delassus, 2016). A notable example is the brand personality barometer introduced by Ambroise and Valette-Florence (2010). Furthermore, some researchers have adapted the scale to certain contexts, e.g., brand personality analysis in Japan or Spain. Also, some personality scales are adapted for non-profit brands, B2B brands, or city and destination brands (Zarantonello & Pauwels-Delassus, 2016).

#### Aaker’s brand personality scale (1997)

Aaker defines brand personality as “the set of human characteristics associated with a brand” Aaker (1997, p. 347). It is described as “a multi-dimensional and multi-faceted construct that enables consumers to express themselves along several dimensions” (Zarantonello & Pauwels-Delassus, 2016, p. 44). Measurements are based on five dimensions comparable to the “Big Five” model of human personality.

The five dimensions include sincerity, excitement, competence, sophistication, and ruggedness:

1. Sincerity covers four items: down-to-earth, honest, wholesome, and cheerful.

2. Excitement is based on four items: daring, spirited, imaginative, and up-to-date.

3. Competence covers three items: reliable, intelligent, and successful.

4. Sophistication is defined by two items: upper class and charming.

5. Ruggedness is a two-item construct: outdoorsy and tough.

The items are all measured using a 5-point scale ranging from 1 = not at all descriptive to 5 = extremely descriptive. The scores are summed and averaged to deliver scores for each dimension (e.g., sincerity score). Additionally, the scale includes 15 facets and 42 personality items (Zarantonello & Pauwels-Delassus, 2016). Brand managers could use the scale to gather detailed insights into the perceived personality of their brands, perhaps in different markets, by running a quantitative survey including the mentioned items. It can also be used regularly, e.g., once a year, to check whether the brand personality changes over time.

In practice, successful brands like Singapore Airlines, Apple, and others have a specific personality that consumers can easily identify and describe. Singapore Airlines, for example, is associated with pleasure, attentive customer experience, and modernity. High equity brands properly identify and define their personality traits.

Summary

Strategic brand management involves many decisions and should be a continuous process of planning and controlling tactics and marketing plans. Achieving, maintaining, and building brand equity is a major task of brand strategists. On a global scale, the management process becomes even more difficult since additional factors, such as cultural differences and foreign market specifics, must be considered.

Established brand equity management approaches, tools, and scales are needed to face that challenge. They help to keep track of brand equity dimensions and planned marketing activities like advertising and communication. Since brand equity is not a constant construct, it must be adjusted over time, if necessary, and global brand managers need to consider local needs and consumer characteristics.

The brand steering wheel can be useful to figure out and optimize the identity of a brand by balancing rational and emotional facets of the brand and managing the different elements holistically. Since the different elements are strongly interrelated, the wheel assists managers in monitoring all elements to avoid a single-view overestimation.

Managing brands as though they have human traits can help to achieve a much clearer picture of the brand as well. Aaker’s scale, as discussed, has been widely applied in strategic brand management academia and practice. The scale can also be used to manage global brands since it has been adapted to different countries and their specific needs.

# Unit 3 – Brand Positioning

**Study Goals**

On completion of this unit, you will be able to:

* Identify the key elements of a positioning process.
* Describe the relevance for narrowly defined competition.
* Outline success factors for repositioning processes.
* Differentiate between points-of-parity (POPs) and points-of-difference (PODs).

# 3. Brand Positioning

### Introduction

Building strong brands is a difficult task and there are many ways brand managers can achieve this goal, but the most powerful brands all have something in common: they are built on brand positioning strategies. Brand positioning refers to the distinctive image of a brand and its offerings as perceived by its target consumers and represents a key concept in today’s dynamic and competitive market environment. The goal of a brand positioning process is to achieve a strong position in the market by differentiating the brand from competitors and creating unique selling propositions. Therefore, we will look at different strategies and aspects to consider in a brand positioning process.

Once a brand positioning strategy has been defined, it does not mean that it is carved in stone. Instead, brand managers need to constantly monitor and evaluate the needs of their consumers and the marketing environment, and, if necessary, consider repositioning their brand.

Next, we will shed light on brand positioning implementation. Many companies define brand position without integrating it properly into their business. A call-to-action plan is needed and we will look at some important aspects of the implementation process.

Finally, we will address brand positioning from a global perspective. What are the success factors in global brand positioning processes? Looking at different cases will help us to learn some basic rules.

## 3.1 What is Positioning?

Kotler and Keller (2016) state that marketers need to use the “STP” model, which stands for segmentation, targeting, and positioning, for this is the key to every successful marketing strategy. We will focus on positioning in this chapter, leaning onKeller and Kotler’s definition of positioning as the act of:

“designing a company’s offering and image to occupy a distinctive place in the mind of the target market. The goal is to locate the brand in the minds of the consumers to maximize the potential benefit to the firm” (Kotler & Keller, 2016, p. 297).

Furthermore, Keller (2013) explains that

“positioning means finding the proper ‘location’ in the minds of a group of consumers or market segment, so that they think about a product or service in the “right” or desired way to maximize potential benefit to the firm” (Keller, 2013, p. 79).

Brand positioning should support brand managers in defining the core benefits of a brand and how consumers can benefit from those values. The position of the brand should be clear to everyone in the company working with the brand in order to make consistent decisions about the marketing program. Defining a brand position includes a solid reference frame, which necessitates knowledge of the target market and the competition. Additionally, brand managers need to know what makes the brand different and/or similar compared to competitors (Keller, 2013). Next, key aspects to consider in the positioning process will be described (based on Keller, 2013).

#### Target market

One of the most relevant aspects is concerned with knowing and defining the target consumer because brand knowledge structures can vary tremendously, and it is difficult to focus on the right brand associations without that knowledge. Brand managers need to define, segment, and target a **market**.

**Market**

A market is the set of all actual and potential buyers who have sufficient interest in, income for, and access to a product.

Homogeneous consumer groups with comparable needs and behaviour can be identified through market segmentation techniques. For these segments, similar marketing mixes can be used. Brand managers need to find a balance between defining segments in their markets too broadly or too precisely. Very precisely defined segments may match consumer needs perfectly but are also more time- and cost-intensive. Previous research has identified several decision criteria for the target market and segmentation process:

Segmentations and target market decisions

Graphical user interface, text, application

Description automatically generated

#### Competitors

Brand competitiveness occurs mainly at the level of benefits rather than attributions. Therefore, brand managers should think beyond product attributes and avoid a narrow focus on their specific brand category. In this way, they run the risk of defining the brand’s competition too narrowly. Even if direct competition cannot be identified, brand managers should consider indirect competition (e.g., Bettman & Sujan 1987; Johnson 1984; Park & Smith 1989). Relevant threats and opportunities are often overlooked because the competition is too narrowly defined (Keller 2013).

#### Points-of-difference associations

Points-of-difference (PODs) are the attributes or benefits that consumers associate with a brand and believe they cannot access to the same extent with competing brands (Barwise & Meehan, 2004). PODs are valuable because the consumer decision making process is often influenced by the perceived uniqueness of a brand. Brand associations can be classified according to three types: functional, performance-related, and abstract or imagery-related considerations (Keller, 2013).

#### Points-of-parity associations

On the other hand, there are points-of-parity associations (POPs) which can also be shared with other brands and can be classified into three types: category, competitive, and correlational associations, as summarized in the following figure (Keller, 2013).

Points-of-Parity Associations

Graphical user interface, text, application, chat or text message

Description automatically generated

Attributes usually consist of both negative and positive dimensions. For example, attributes related to traditional values can be associated with positive aspects like pleasant experiences, but at the same time can also evoke negative associations like not being innovative (Keller 2013).

#### Points-of-parity versus points-of-difference

POPs are highly relevant for brands and can make PODs meaningless, as long as POPs can cover certain weaknesses. For a brand to achieve a POP position regarding a specific attribute, consumers must believe that the brand has at least equal competence regarding that particular dimension compared with competitor brands in order to play a role in the consumer’s decision making process. It is easier for brands to achieve a POP, because a POD means demonstrating significant superiority over others. A well-positioned brand should not aim for PODs only; it is preferable to focus on competitive POPs (Keller, 2013).

**Goals of brand positioning**

An online survey was conducted in 2015 on 204 brand managers and agencies in Germany to investigate the key goals of brand positioning models. Figure 3 summarizes the reasons why practitioners use brand positioning, revealing a range of different objectives. The participants were asked which goals are especially relevant from their perspective and which are less relevant.

Brand Positioning Goals from a Manager’s Perspective

Chart

Description automatically generated

Differentiation from competition and optimal targeting are clearly considered to be the two most important positioning strategies in which to invest time and money. Other factors seem to be less relevant, such as the fit between identity and self-image, though this aspect is often discussed in the literature. Practitioners are also very realistic regarding the fact that a positioning strategy is not short-term and needs time. It seems more important to them to ensure that once a positioning strategy is defined, it should be applicable in the long term (Duncker et al., 2015).

#### Summary

Brand positioning is about occupying a unique place in the minds of target consumers. A key aspect in the positioning process is a deep understanding of the target group. Furthermore, brand managers need to invest time in properly analysing competitors and should not define the competition too narrowly. As for segmentation, a major challenge for brand managers is the trade-off between a very detailed and a broadly defined segment. Detailed targeting will match consumer needs precisely, but this also means higher costs. Based on previous research, critical decision criteria for market targeting and segmentation processes are divided into four dimensions: identifiability, accessibility, responsiveness, and size. Brand managers should be able to answer the fundamental questions for each dimension in order to make the right targeting decisions.

### Self-Check Questions

1. Please mark the correct sentence.

* *POPs are relevant for brands and can undermine PODs.*
* A brand should only try to achieve PODs.
* It is easier for a brand to achieve PODs than POPs.

## 3.2 Brand Repositioning

In today’s market environment, even well-established and successful brands must rethink their brand positioning at certain times (Trout & Rivkina, 2010), for example when consumer needs change. As we have already learned, brands are basically images in the minds of consumers (Trout & Rivkin, 2010; Keller et al., 2011). These images can be influenced by distinctive brand positioning and, if needed, repositioning (Lupi, 2020).

Kotler (2000) defines repositioning as

“... the act of designing the company’s offering and image to occupy a distinct place in the target market’s mind”. The aim is the “successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product” (Kotler & Keller, 2003, p. 276).

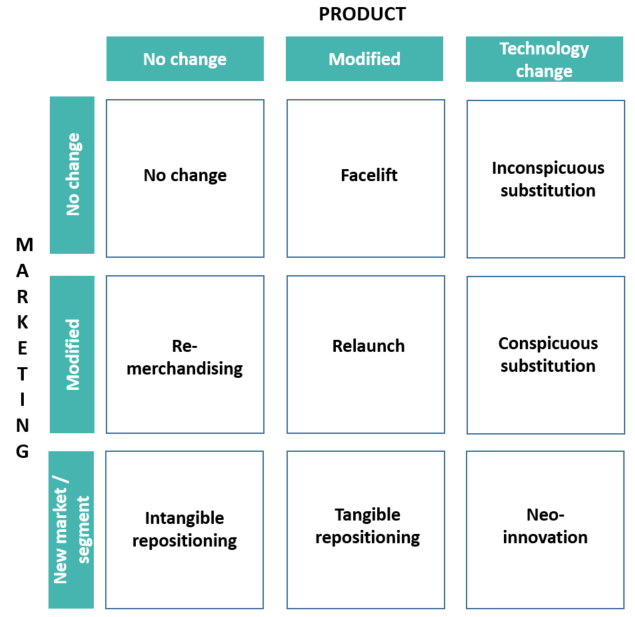
Repositioning strategies can focus on either the product or the target market.

First, product repositioning means changing the offerings but keeping the brand and the target market the same (Lawton et al., 2011). This is not repositioning in a narrow sense.

* Saunders and Jobbers (1994) classify the different options of change in a “Continuity Spectrum”, which also depicts the kinds of marketing activities needed for each case (see following figure). The horizontal axis describes product changes.
* The vertical axis shows changes to the rest of the marketing mix.
* The extent of change defines product development.
* Upper left-hand quadrant shows no changes.
* The bottom right-hand quadrant shows product innovation (Simms & Trott, 2007, pp. 289-299).

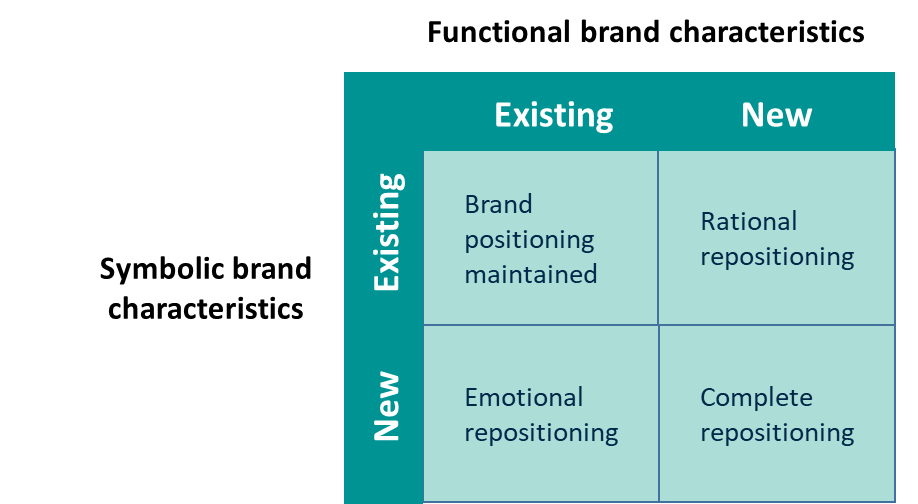
Based on the framework, repositioning in a narrow sense is a matter of targeting a new market with the same product. Moreover, the matrix differentiates two types of repositioning: intangible and tangible, which again are differentiated by the degree of change to the physical product: Tangible repositioning can involve changing the appearance and/or costs of the brand’s offering.

Phase Continuity Spectrum



Since many repositioning frameworks like the one by Saunders and Jobbers (1994) ignore branding dimensions, e.g., brand image, brand associations, or brand awareness, which are necessary for brand repositioning, other researchers have developed frameworks with a branding focus (Simms & Trott, 2007). An example of an extended framework is the matrix by Simms and Trott (2007). The matrix summarizes consumers’ responses to brand changes and differentiates brand characteristics on the basis of functional and symbolic dimensions.

Consumer Perceptions Towards Brand Repositioning



Simms and Trott (2007) applied their matrix to analyse the repositioning of the brand BMW Mini. During the second half of the 20th century, for a period of over 40 years, the “Mini” did not undergo any significant changes, unlike other cars on the market. The launch of the new Mini represented a huge change for the brand, and the product was updated to make it more practical and competitive. The aim was to move away from a niche market to a broader position (Simms & Trott, 2007). “The main changes between new and old are the relative importance of build quality and value for money. Attractive pricing is no longer the hook, superior quality is. But the fun remains. [Customers] pay a lot more for the new Mini, because it too is fun” (Simms & Trott, 2007, p. 308). The researchers interviewed 66 stakeholders with high brand awareness and knowledge and found that the repositioning of the Mini had a considerable impact on the functional appeal of the brand: “… moving away from the car’s price as an appeal towards product build quality. Furthermore, the Mini’s symbolic appeal, including its fun and sporty image, has largely remained in place” (Simms & Trott, 2007, p. 297). Thus, the repositioning of the Mini brand worked primarily at a functional level. Symbolic elements of the Mini brand did not significantly change. A key success driver in the repositioning process was the brand managers’ deep understanding of the brand propositions.

Based on research by Ryan et al. (2007), the repositioning process can be broken down into six dimensions:

Repositioning Process

Diagram

Description automatically generated

It is vital for a company to support the overall process by market research in order to pinpoint the brand positioning status and monitor changes in the market. Furthermore, brand managers should be flexible and demonstrate strong learning capabilities in reacting to changes.

### Repositioning Case Studies

Lessons learned from practice can be gathered from different cases, as we will discuss next. The first cases represent real or tangible repositioning of brands in the apparel industry.

**Repositioning of the brand Puma**

In the years running up to 2014, Puma had to face several issues, e.g., poor distribution or a lack of clear brand stories (Puma, 2020). To overcome its inconsistent brand positioning, Puma repositioned itself in 2014 with a clear definition, improvement in products and distribution, and an increased marketing budget. The aim was to be the world’s fastest sports brand and to target young sporty women. To support the new position, Puma rolled out the largest marketing campaign in brand history, using athletes and celebrities in advertising campaigns to endorse its products (Lupi, 2020).

**Repositioning of the brand Gucci**

The fashion brand Gucci underwent a major transformation in 2015. They wanted to achieve a newer style, reach younger targets, improve their communication and business model, and enhance distribution quality. The brand repositioned its character, operating a shift from its previously sexy and provocative image towards other attributes such as eccentric, modern, and romantic, rooted in Italian fashion. To translate the new position the brand heavily used digital media including a new website design and social media presence. They also collaborated with young celebrities to catch the attention of a younger target group.

**Key lessons**

The brand repositioning strategies of both Puma and Gucci show that changes can lead to success, as evidenced by market research data and financial outcomes. The downside of both cases was the time it took to complete the entire repositioning process, which shows that it is a complex phenomenon. The two examples highlight the key success factors of repositioning processes in the international apparel industry:

* New and strong management to lead the repositioning
* Fast-paced repositioning
* Revision of the product
* Keeping authenticity at the heart of the brand
* Revision of the target market
* Communication budgets
* Strategic partnerships with celebrities
* Revision of the internal organisation
* Injecting innovation
* Improving the quality of distribution.

**Global case study from the educational services sector**

Next, we will look at a case study from an international higher education institute: the repositioning of the Executive MBA (EMBA) program at Fordham University. Launched in 1998, the EMBA program was held at Fordham’s Lincoln Center campus in Manhattan, designed for experienced professionals on the leadership track, who attended classes one weekend per month (Friday–Sunday) over a period of 27 months. Due to the off-campus structure, tuition fees included costs for overnight accommodation plus “executive-style” meals (Petit, 2009).

In 2002, the program underwent a re-evaluation process, which involved 50 in-depth interviews with different stakeholders including program alumni, prospective students, current executives, faculty staff, and HR professionals. Based on these interviews, the university identified 5 critical attributes of an EMBA program, which were addressed through repositioning:

1. Program brand: The differentiation from competitors should be built on a strong program brand. In this case it was supported by non-academic elements that should build certain relevant competencies for MBA students and also meet the needs of an “experience economy”. They included such elements as a wine tasting seminar, a golf clinic, a jazz simulation exercise, plus yoga and meditation sessions.
2. Program format/time away from office: The one-weekend-per-month format (Friday–Sunday, 9 a.m.–5 p.m.) was kept (remaining unique among local competitors).
3. Program price: A major change involved moving the program from off-campus to on-campus with only three weekends at the conference center. This allowed for a considerable 25% decrease in tuition fees. The reduction enlarged the target group because it made it affordable for partially or self-sponsored applicants.
4. Alumni network: Since it was established that an alumni network is perceived as unique, a directory was created for Fordham’s EMBA Program.
5. Recruitment/admission process: The recruitment process for this program was changed so that applicants could apply all the year round. Moreover, an additional full-time position was created within the department.

The repositioning successfully addressed the issues relevant to the various stakeholders, and the program was ranked 25th internationally in The Wall Street Journal’s poll of the world’s best EMBA programs (2008). It is clear that assessing customer demands is a prerequisite to brand success and serves as a guideline for defining repositioning objectives.

Summary

The repositioning cases presented above showed that different dimensions can be modified: brand communication, brand touchpoints, or psychological brand elements. Repositioning involves more than changing brand attributes; it requires a refocusing, a change of mind-set across the board (both the management team and all employees) and this has to be transferred to consumers and the general public using appropriate communication and media (Ryan et al., 2007). Before defining any repositioning strategies, brand managers need to conduct a status quo analysis about brand perception from the perspective of various stakeholders and identify potential gaps with regard to the desired brand positioning. Based on such a status analysis, objectives for repositioning can be developed, implemented, and monitored on a regular basis.

### Self-Check Questions

1. Please complete the following sentence: The repositioning process can be divided up into six dimensions: *Core strategic values, Strategic flexibility/learning capabilities, Customer awareness/sensitivity, External orientation, Management commitment, Belief in product/brand.*

## 3.3 Implementation of Desired Brand Position

The defined brand position needs concrete action and has to be implemented carefully. Brand managers must develop a plan to achieve the desired position. Once a brand position is set, the whole company should support it by adapting the positioning strategy to all marketing mix activities (product, price, place, and promotion). For example, if a brand decides to target a high-quality position, all aspects have to shift to a high-quality approach in order to achieve a consistent brand: the product/service itself, communication, media outlets, etc. Companies often find it easier to come up with a good positioning strategy than to implement it. Achieving a consistent and strong brand position is a long-term task, and brand managers must take care to maintain the desired brand position. Furthermore, changes in the position strategy should not be made too often, and if changes are necessary then brand managers need to implement them gradually in order not to confuse consumers (Armstrong & Kotler 2017).

### Implementing the positioning strategy, embodied in the communication approach

First it is useful to collect all positioning material, because implementation needs to be well-structured. This includes designs, logos, marketing and advertising materials, and all other touchpoints, especially a brand message and promise. Ensuring that the defined position will be flawlessly heard and understood by the target group requires a structured plan (Zoho Academy, 2020). This can be achieved by following six steps:

1. Internal implementation
2. Consumer touchpoint map
3. Brand voice consistency
4. Use of social media
5. Development of a style guide
6. Positional monitoring

#### Internal Implementation

Although, as we have learned, positioning and branding is all about the consumer, it must first be integrated and understood internally since employees have to apply the positioning strategy every day. A brand manager is responsible for integrating the positioning into the overall culture and values, which should go beyond merely drawing up lists; this means explaining the different internal roles and highlighting the relevance of every team. It can be useful to communicate the positioning strategy top-down, so that the managers of each department (not just marketing) can communicate it to their teams. Managers feel more engaged and responsible if they get the chance to generate ideas about how their teams could reinforce the positioning and decide which tasks are necessary (Zoho Academy, 2020).

Showing best practices can be fruitful for successful positioning implementation. This includes recognizing employees who support the brand positioning, e.g., congratulating them on the website or in meetings or offering incentives or rewards, e.g., branded gifts like hoodies. Highly motivated and committed employees could even be nominated as **brand ambassadors** with defined tasks to support the brand positioning strategy.

**Brand Ambassador**

The main task of an ambassador is to communicate the brand and build trust in different target groups. They are part of the organization, which makes them different to testimonials.

Human Resources (HR) can play an important role in the integration process and brand managers should make sure that this department is involved. HR can influence employees’ behaviour and future candidates in the onboarding process if major branding related key performance indicators (KPIs) are defined (Zoho Academy, 2020).

**Touchpoints**

Touchpoints are points of contact between the brand and its consumers, whether via services, information exchanges, or even the monetary transaction. Touchpoints can also occur outside of direct management control, e.g., reviews in blogs or word of mouth on social media.

#### Consumer Touchpoint Map

**Touchpoints** must be managed in such a way that they create a consistent and positive experience associated with the brand. Controllable touchpoints include:

Consumer Touchpoints

Graphical user interface, diagram

Description automatically generated

A brand manager should list all possible touchpoints and then select a top five on which to focus primarily. The ranking should be built on market/media research about **moments of truth** in the consumer journey. It is useful to create a map for each touchpoint incorporating consumer needs and the appropriate positioning statement. How do potential consumers feel at that moment and what role does the brand play? Can the experience be improved by leveraging brand values more effectively? In short,brand positioning should be translated into concrete action for each touchpoint (Zoho Academy, 2020).

**Moments of truth (MoT)**

Short MoTs are the points in a consumer journey when impressions about the brand are formed or changed. These are the moments when consumers start to like a brand (more) or leave it.

Besides the touchpoints, the positioning must be integrated into all areas of the marketing mix (product, price, place, and promotion). It is important to ensure that all marketing activities support the positioning strategy and deliver the promised positioning statements to achieve consistency (Armstrong & Kotler, 2017). The following figure can be used by brand managers to ask guiding questions for each “P” of the marketing mix:

Positioning Guide Across the 4 Ps of the Marketing Mix

Graphical user interface, text

Description automatically generated

#### Brand Voice Consistency

The character of the brand can be strongly influenced by the style the brand adopts, the language it uses, and the stories it tells. The brand takes on a voice in all of its communication activities, and the major goal should be to achieve consistency, comparable to a character in a story. A brand voice could be professional, reserved, funny, or any combination of different voices. The voice should be natural and authentic, based on the company’s DNA, in tune with the preferred communication style of the target group. Furthermore, brand managers need to differentiate between brand voice and tone. The voice is consistent, and the tone is more flexible and can be adjusted depending on the target group or the campaign (Zoho Academy, 2020).

#### Use of Social Media

In addition to using a corporate website, awareness can be achieved via social media. Instagram, Twitter, LinkedIn, Facebook, and other platforms can be effective in reinforcing positioning goals, so long as the choice matches the media usage preferences of the target group. To achieve the highest level of success, it is preferable to focus on a platform that best suits the target group instead of working with all platforms. It is also vital to keep the social media community regularly engaged with a creating and sharing content (Zoho Academy, 2020).

#### Development of a Style Guide

Consistency can be achieved by using a style guide with best practice rules for the brand. It should include:

* The brand name and its story
* Mission, vision, and value statement
* Logo designs with size and placement rules
* Typography and fonts
* Colour details
* Images to be used or not to be used
* Brand voice definition with details about the tone, language and wordings to be used and not be used

#### Positional Monitoring

Implementing the positional strategy is not a phenomenon built around one project but rather a continuous process. Brand perception measurement tools, which will be described in later chapters, are needed to monitor whether the positioning has been achieved or whether the strategy and tools must be adjusted. Brand managers should use different feedback sources to understand the brand status from the consumers’ perspective, e.g., social listening, focus groups, or brand surveys (Zoho Academy, 2020).

Summary

Many companies invest considerably in the brand positioning process but ignore the importance of a rollout strategy. A call-to-action plan is needed, and we have learned that there are some rules to consider. First, brand positioning will only succeed if it is understood and used internally. Hence, brand managers have to develop strategies for integrating and motivating all teams in the process and should also invest time in explaining the positioning to the HR department. HR can then incorporate the positioning in its processes and even communicate it to new employees in the onboarding process. A subsequent implementation step is to define the voice of the brand, which supports an authentic character and guides all marketers in their activities. The key is to aim for a consistent brand voice because consumers can easily get confused and as a consequence lose trust in the brand. All aspects like the brand color, tone, usage of images, etc. should be defined in a style guide which should be made available to everyone working with the brand.

### Self-Check Questions

1. Please list three brand positioning implementation steps

*Internal implementation.*

*Brand voice consistency.*

*Consumer touchpoint map.*

*Use of social media.*

*Developing a style guide.*

*Positional monitoring.*

3.4 The Characteristics of Brand Globalization

Several factors are important to consider in the context of brand positioning from a global perspective. We have already learned that consistency is a key success driver in positioning, and this is becoming increasingly more critical for successful global brand management. However, it is more complex to keep a global brand consistent, since consumers will encounter it in different contexts. Consistent branding is especially important to service brands, e.g., in the hospitality sector (Keller et al., 2011).

Global Consumer Culture (GCC) Positioning

Alden et al. (1999) describe the emergence of global consumer culture (GCC) and argue that global brand positioning strategies reflect the development of the global market. They classify three strategies: global consumer culture positioning (GCCP), foreign consumer culture positioning (FCCP), and local consumer culture positioning (LCCP). GCCP “identifies the brand as a symbol of a given global culture” (Alden et al. 1999, p. 77). This strategy is based on the assumption of universality in consumer behaviour around the globe and on the belief that advertisements can tap into universal values (e.g., peace) or markets (e.g., youth). FCCP, on the other hand, positions the brand as a symbol of a specific foreign consumer culture, while LCCP “associates the brand with local cultural meanings” (Akaka & Alden, 2010, p. 42).

Relationship between Local versus Global Brand Positioning Strategy

De Vries and Fennis (2019) examined local versus global positioning strategies and buying impulsivity in a series of experiments. They found that local food brands promote higher levels of buying impulsivity than global brands. As local brands are proximal to consumers’ lifestyles, values, preferences, and behaviors, they decrease the psychological distance between the brand and the consumer. The smaller psychological distance makes consumers more prone to impulsively buy a local brand than a global one. Especially in the food sector, the research argues in favor of a local strategy. Local (food) branding is a concrete brand positioning mechanism that can benefit from consumers’ buying impulsivity (De Vries & Fennis, 2019). Marketers should revisit their local brand positioning strategy with regard to the entire customer experience, i.e., by focusing on how to leverage consumer impulsivity to optimize the customer journey, and by improving the brand’s touchpoints along with the online and offline purchasing environments (De Vries & Fennis, 2019, p. 16).

Impact of Local versus Global Position on Advertising

Heinberg et al. (2017) investigated how positioning a brand as global and/or local iconic can impact the advertising frequency (AF) on brand attitudes in an emerging market context (China/India). They found that both a global and a local iconic positioning enhance the relationship between AF and brand image, but not the relationship between AF and brand quality. They recommend a separate positioning (global or local iconic) instead of a hybrid positioning (global and local iconic) to improve the effect of advertising frequency to create brand image (Heinberg et al., 2017). This goes in line with a study by Lopez-Lomeli et al. (2019): Their findings reveal that brand quality is the most important driver of brand attitude, regardless of the type of brand, and that “the relationship between brand quality and brand attitude, as well as between brand attitude and brand purchase intention, is weaker for a glocal brand than for a local or global brand.” (p. 437).

Global Repositioning

**Global repositioning process of the brand Sofitel**

Another case study analysis is presented by Rivet (2011), who describes the repositioning of the hotel brand Sofitel. Motivated by “pre-repositioning challenges”, i.e., underperformance due to inconsistencies in the network, combined with a growing demand for luxury in the hotel market, the brand’s repositioning involved refocusing on specific attributes (French and local elements) in order to create a competitive advantage. Second, they focused on niche markets through the launch of two sub-brands, as this promised long-term potential for expansion. Third, Sofitel changed their touchpoint strategy, underlining the brand’s luxurious image. The management of Sofitel repositioned on two levels: by updating its product, and through a psychological repositioning with a new approach to advertising and communication (Ranchhod & Marandi, 2007).

To secure successful repositioning, the brand created a separate business unit (SoLuxury HMC-Sofitel) and hired new talents. This proved a wise move as it helped them to leverage resources, optimize information flows, and deliver a luxury brand promise.

#### Key lessons from the Sofitel repositioning

As with other brand categories, brand consistency is a key success driver in the hospitality industry. The brand Sofitel achieved a consistent brand voice by managing communication along a spectrum of touchpoints. Additionally, the brand’s character was enhanced by underlining its authentic French country-of-origin (COO) image, which is at the heart of the brand. Internal repositioning processes were also successful, mainly thanks to the integration of extensive training programs for employees (Rivet, 2011).

In brand repositioning processes, brands can take advantage of their heritageCOO to reinforce major positive associations while at the same time adapting to local markets. The Sofitel repositioning is a case in point; the brand managers emphasized the COO image (echoing the French art of living across their hotels worldwide) and at the same time adapted this to local needs to achieve familiarity and consistency.

Global positioning also requires strong internal brand management. Global service brands like hotel brands have employees all around the world. A consistent service across all brand facilities (e.g., hotels) is only possible if employees are perfectly trained. The brand Sofitel runs a global training program for its 25,000 employees, which includes the “understanding of luxury”, “a mastery of the various professions”, “customer relations”, and attitude (Rivet, 2011).

### Self-Check Questions

1. Can you identify the three consumer culture positioning strategies.

*Global consumer culture positioning (GCCP), foreign consumer culture positioning (FCCP), and local consumer culture positioning (LCCP).*

Summary

Some researchers identify a ‘glocal’ strategy as most effective since it combines the advantages of both a global and a local approach. As we have learned from the research discussed above, this advice should be viewed with caution as there are certain contexts in which either a local or a global approach is more effective. Heinberg et al. (2017) showed that iconic and global strategies are not very reconcilable in emerging markets, resulting in negative marketing outputs. They state that separate strategies are more beneficial.

Positioning in a global context has to be done for each individual brand and managers should carefully assess the market in which they operate and conduct market research to assess the effects of single strategies on relevant marketing KPIs. Moreover, while the perspective of the brand is important, that of the consumer is even more important. Brand managers should focus on consumer perceptions and adapt their strategies if necessary.

# Unit 4 – Product Branding

**Study Goals**

On completion of this unit, you will be able to:

* Develop a brand name.
* Decide which factors are most important to consider in the choice of global brand names.
* Identify which visual dimensions are important for a brand.
* Apply information to manage a trademark.

# 4. Product Branding

## Introduction

Brand names are one of the most underestimated, though important, elements of a successful brand. They are the first touchpoint with consumers and impact their associations and expectations. Brand names are so valuable to companies that they increasingly seek professional support from brand naming consultants, an evolving area of business. From a global brand management perspective, selecting a brand name is even more challenging. It is difficult to standardize a brand name across many foreign countries. Aspects to consider globally, like the sound of a name and how easy it is to pronounce in different languages, will be illustrated by the discussion of a study on the Chinese market. Other important aspects to consider in brand name management are new media possibilities, such as using brand names for hashtags in social media.

Once a brand name has been chosen, the company needs to follow up with decisions about the trademark process. Developing the trademark includes several tasks and should be considered early in the brand management process to protect the brand properly. We will explore the ways in which trademark piracy impacts our economy. In addition to trademark development, this unit also deals with approaches to applying trademarks correctly.

Besides the brand name itself, the design of the product, the packaging, and the brand image impact the success of the brand. It will become clear how important it is to carefully consider every detail and aspect, from colors and symbols to logos. These visual elements contribute to creating a cohesive and consistent brand image.

## Creating a Brand Name

The name of a brand is one of the most important aspects in the marketing mix, because it conveys the brand personality, with just a few letters, and represents the initial point of contact for consumers. A large proportion (around 60%) of surveyed brand managers in the US mentioned that the name alone, without advertising, has a definite impact on sales. In fact, brand names can have such a positive influence that companies often use established brand names for a new product, instead of designing a new brand name. The company benefits from such brand extensions thanks to lower advertising costs (Petty, 2008). It is not easy to create a brand name since there are over 3.5 million brand names registered internationally and new ones are introduced every day (Kircher, 2017). Almost half of the surveyed US managers reported using an external expert for the brand name creation (Petty, 2008). Brand naming has become so popular and at the same time so complex that a whole business built around brand naming consultants has evolved over the last decades (Gabler, 2015).

Brand naming mainly aims at generating a name for the brand which transfers favorable attributes. Brand name experts use different tools to achieve that goal:

* Use names that are linked to the brand’s purpose, e.g., the brand name Lean Cuisine.
* Improve the name’s memorability by utilizing unfamiliar spelling, e.g., the brand name Citi.
* Use sound repetition to support positive associations, e.g., Reese’s Pieces.
* Use specific sounds to generate appealing names based on phonetic symbolism, e.g., using more masculine or feminine sounds to transfer a defined gender.
* Use spoken materials, for example extracts from lectures, speeches, and personal or academic conversations (Pogacar et al., 2021)

## Brand Naming from an International Perspective

Creating a brand name is a difficult task for global brand managers, considering the diversity of languages spoken across the globe. The brand naming process can be very challenging in linguistic systems based on logographic languages (different phonetics, semiotics, and semantics). For example, the Chinese language has different rules and characteristics to consider when a brand name is created (Wu et al. 2019). Some brands have adopted successful renaming strategies in China, including Coca Cola, which is called ‘Ke-kou-ke-la’ in Chinese – a name that can be said easily and may be translated as “tastes good and makes you happy” (Wu et al., 2019). Another famous brand name translation in Chinese is ‘Ai Bi Ying’, which we know as Airbnb. The name is associated with “love,” “each other,” and “welcome,” with its three characters, but this failed to work, because it was not easy to pronounce in Chinese and confused Chinese consumers by triggering questionable associations (Wu et al., 2019). The challenges for international brand managers are especially tricky for markets with logographic languages like Chinese, because the correspondence between spoken and written words is rarely isomorphic in these languages. In contrast, phonographic languages like English show a strong correspondence between speech and writing (Wu et al., 2019).

It is also difficult for global brands to find a completely new name. The following table is a useful classification based on the two key dimensions of sound and meaning, and it differentiates 4 types of brand names: alphanumeric names, phonetic names, semantic names, and phonosemantic names. Global brand managers need to understand the differences between them in order to develop a standardized brand name, depending on the country being targeted. In the table, the particular context is the Chinese market.

Types of Brand Names

|  |  |  |
| --- | --- | --- |
| Meaning/Sound | No | Yes |
| No | **Alphanumeric**  Meaning: Such brand names are built on referential or nonsense mixtures with phonographic letters and/or digits.  e.g., 3M, CX-7 by Mazda | **Phonetic**  Meaning: These brand names cover the phonetic structure of the Chinese language but do not have any meaning.  e.g., Mou-Tuo-Luo-La, the Chinese version of Motorola |
| Yes | **Semantic**  Meaning: Such brand names do mean something in Chinese, but do not cover the Chinese sounds.  e.g., the Chinese name for Microsoft is Wei-Ruan, meaning tiny and soft | **Phonosemantic**  Meaning: Brand names cover both the phonetic structure of the Chinese language and convey a specific meaning.  e.g., Coca-Cola in China is named Ke-Kou-Ke-Le. It sounds like the original name, Coca Cola, and means “tastes good and makes you happy” |

## Brand Naming for Sustainable Products

The importance attached to sustainable brands is growing in many consumer segments, which opens up the opportunity for companies to design and produce new brands to fulfil this need (Rogers & Cosgrove, 2021). Communicating sustainable dimensions like environmental friendliness should go beyond traditional advertising. Moreover, the name of the brand can convey desirable associations and sustainable aspects. Research has shown that a brand is more likely to be perceived as sustainable when the brand name consists of silent consonants, because such consonants are perceived as environmentally friendly characteristics (Joshi & Kronrod, 2020). Brand managers need to strike the right balance when developing an environmentally friendly brand name, because a name that is too direct could engender negative effects. A more subtle way to create a suitable name is to focus on the phonetic sound structure. The use of specific sounds in brand names can have an incremental impact on how consumers perceive the product attributes, e.g., how smooth an ice cream tastes (Joshi & Kronrod, 2020). According to the so-called sound symbolism theory (Klink, 2001), there is a clear relationship between sound and meaning, such that the sound production required to pronounce a brand name can make it meaningful (Pogacar et al., 2018). If saying a brand name creates muscle movement from the front of the mouth to the back, because of the order of consonants, people will associate it with eating food, which means the name has a positive effect. For example, the name Beko: the ‘b’ sound is produced at the lips and the ‘k’ sound is produced at the palate (Joshi & Kronrod, 2020). Eco-friendly brands need to carefully consider the impact of sound symbolism in brand names. It is important to differentiate the effects by product type and category. For instance, the attribute “good-hearted” can be positively associated with sustainable body care, but negatively associated with sustainable household-cleaners, making them sound less powerful and therefore less effective. Joshi and Kronrod (2020) conducted a series of empirical studies and revealed that “consumers metaphorically associate environmentally friendly products with human characteristics and prefer a brand name containing sounds that can also be associated with the same human characteristics” (Joshi & Kronrod, 2020, p. 33).

## Naming and Digital Media: Using Brand Name Hashtags

New media and especially social media open up new opportunities to strategically use brand names. The quality of a brand name in digital environments is influenced by several aspects. It needs to work for digital marketing, for example in search engine optimization processes or on websites. The solution of using hashtags has become increasingly popular over the last years. Generally, brands can use hashtags to transfer brand values and encourage consumers to share these values, thereby generating buzz (Kim & Phua, 2020). Brands can use them in advertising posts by creating brand-name hashtags (Kim & Phua, 2020) which effectively build brand awareness, because they are easily remembered by consumers and this motivates them to interact with the brand, e.g., when consumers post pictures of branded products with the hashtag (Kim & Phua, 2020). Researchers and practitioners have also shown that brand-name hashtags need to be used carefully since consumers avoid self-serving brand messages (Kim & Phua, 2020). Hence, brand managers need to think about more implicit ways to combine the brand name with hashtag communication.

## Key Considerations for Brand Name Development

Besides the specific considerations, previous experience and research have pointed to some major aspects of successful naming, which can be used as a checklist in the development and testing phase. Based on Fahy and Jobber (2012), a favorable brand name:

* Triggers positive emotions
* Is easy to pronounce and recall
* Conveys the benefits of the branded product or service
* Is distinctive
* Emphasizes technology by using numerals (e.g., Airbus A380)
* Does not violate an existing registered brand name

The last point seems trivial, but includes many aspects and in many cases goes beyond just the protection of a name. For instance, brand owners even try to cover their legal rights regarding some slogans. Nestlé, for example, tried to protect the rights for their brand KitKat (“Have a Break”) (Fahy & Jobber 2012).

### Self-Check Questions

1. Please list three out of four types of brand names based on the classification of the dimensions sound and meaning.

* *Alphanumeric names*
* *Phonetic names*
* *Semantic names*
* *Phonosemantic names*

## 4.2 Developing the Trademark

“Every brand name is a mark, or a trademark if used for products, a service mark if used for services, or a trade name if used as the name of a company” but all of these are often conveniently lumped together under the umbrella term ‘trademark’ (Lemper, 2012, p. 113). Most countries recognize trademark rights for brand names established either by registration or by first use in a specific product and geographic market.

Generally, the development of trademarks is an extensive task involving various components which becomes even more complex from an international management perspective. The Journal of Marketing presents a quick guide to the trademark process, which is mainly divided into a search and registration process, as described next.

### Search

Since many brands are registered as trademarks every day, it is necessary to carry out prior searches to prevent the risk of being sued for trademark infringement, which should be avoided at all costs, because it can pull down the whole brand launch. Conversely, it is also important for a company to highlight any disputes over the use of a similar or identical brand name even if it is not registered by the other party (Muhlberg, 2004).

**Areas and timing**

Basically, the search can be divided into three key periods: First, when a new brand is developed; second, when brand extensions are planned from already established categories to new ones; third, for designing internationalizing strategies. In all these situations it is important to start searching early in the planning phase (Muhlberg, 2004).

The search should include every brand name that a company potentially wants to use. Some brands are named by the company, but the registration of a company does not automatically mean that trading under the desired name will be possible. The brand name could also be the name of a certain product, sports team, or city, and it could include numerals or a slogan, all of which can be searched for easily. It might be more difficult, though, to search for shapes, smells, sounds, or colors of brands (Muhlberg, 2004).

According to Muhlberg (2004), search strategies include:

* Exact search: This approach is helpful if several brand name ideas are available. The exact search is relatively low in costs and can be done within a day.
* Registry search: Useful for finding out whether or not a trademark registration exists. The search will be carried out using the trademark registry. It is possible to complete this search in one day and the costs are relatively low.
* Availability search: Combination of registry search and search of unregistered rights. Very common and helpful in most situations. Useful for proving the possible usage of the brand name, even if unregistered. This search can be performed within a day and the costs are slightly higher than the registry search.
* Full monty: Combines an availability search with a quick foreign screening to see if the exact brand name is already registered in other countries. This can be useful even if the company has not planned any internationalization strategies. Additionally, it is advisable to find out whether the brand name can be used in foreign markets. The costs are moderate, and it is possible to run the search in a day.
* Foreign search: Useful in situations when export strategies are planned and should be run in foreign markets where the brand is to be exported. The costs depend on the included countries and the search takes several days.

### Registration of trademarks

The aim of a registration process is to obtain exclusive rights to the brand, thereby preventing others from using the same brand name or one that is similar. Additionally, the monetary value of a brand rises with a registration (Muhlberg, 2004).

#### Areas and timing of the trademark registration

As described above, a registration makes sense in three situations: first, in the development process of new brands, because registration takes time, and the process should be initiated as soon as possible. Second, in situations where brands expand their established product category. For example, if the car brand Porsche already has a trademark registration in the trademark category cars, the company also needs to register the brand in the category of fashion, since Porsche produces and markets Porsche branded shoes. Third, in exporting situations: when Porsche owns a brand registration for sneakers in Sweden and wants to expand to China, the company needs a trademark registration in the new market as well.

It is important to consider that brands are registered in the category of the product area. Based on a classification system, there are various categories: “For example, if you manufacture belts and clothing under a brand name, and operate a retail outlet under the same name, you will get three registrations” (Muhlberg, 2004, p. 61).

A registration in the country of origin is mostly managed by an attorney at a moderate cost. Registration in foreign countries is usually more expensive and it is necessary to register in each country the brand enters (Muhlberg, 2004, p. 61). Exceptions include international systems like the Madrid System administered by the World Intellectual Property Organization (WIPO). A complete list of members can be found on the website of WIPO. The Madrid System facilitates the filing of trademark applications for a number of countries through only one application (WIPO, 2021a, § 20). It is administered by WIPO in Geneva (WIPO, 2021a, § 7). WIPO provides a full list of member countries that may be covered by a single international application (WIPO, 2021b).

#### Trademark protection from an identity-based brand perspective

Burmann et al. (2017, p. 281) stress that trademark piracy is “the practice by which unknown third parties imitate products and services by using registered trademarks.” A recent study by OECD (Organisation for Economic Co-operation and Development) and EUIPO (European Union Intellectual Property Office), called ‘Global Trade in Fakes: A Worrying Threat’, presents new evidence of the development of pirated products (2021). Based on 2019 data, the estimations for international trade in counterfeit and pirated products amounted to 464 billion USD in 2019, which is 2.5% of global trade. Compared to previous studies from 2013 and 2016, the volume of trade in fakes has grown significantly and is comparable to the total GDPs of advanced OECD economies such as Austria or Belgium (OECD, 2021). A focus on EU data reveals that in 2019, imports of counterfeit and pirated products into the EU were worth 119 billion EUR (5.8% of EU imports). It is important to mention that these numbers do not even include domestically produced and consumed counterfeit and pirated products or pirated digital content on the Internet (OECD, 2021). This worrying global trend can be observed in different countries such as Germany: A recent study by IW (Institut der deutschen Wirtschaft) shows that every 10th company in Germany has been a victim of brand piracy within the last five years and that the German economy has consequently suffered damages of 54.5 billion EUR, which also impacts the labour market with a loss of 500,000 full-time jobs (von Hennet, 2019).

The rising piracy of trademarks foregrounds the need for a sophisticated trademark protection system and makes it a key task for brand management. Protection from unauthorized use and abuse by third parties goes beyond legal protection, since legal protection systems in some countries are weak (e.g., Russia, Thailand, or China) (Burmann et al., 2017). A helpful approach for brand managers is identity-based trademark protection, which covers legal and extra-legal measures and is defined as:

“… the continuous protection of a trademark’s benefit bundle against irritations due to legal, strategic, operative, organisational, and technological actions, to ensure maximisation of brand equity with regard to both current and future business portfolios.” (Burmann et al., 2017, p. 283).

A substantial trademark protection strategy is required to adopt this approach, and brand managers need to develop a strategy for each branded product and country. The protection level might differ based on these dimensions. This is important when making decisions about whether legal or extra-legal activities are necessary (Keller, 2015). A major factor in choosing the right strategy is the combination of product category and country. The OECD Aggregated Trade-Related Index of Counterfeiting and Piracy (ATRIC) is useful in determining the risks by defining the probability of plagiarism and countries of trademark piracy (Keller, 2015). Based on this index, emerging economies show higher piracy probability levels. The decision to focus on legal or extra-legal trade protection measures is based on intellectual or industrial property right protection standards (Keller, 2015), and the Ostergard index (2000) is instrumental in this respect. The Ostergard index is a source of laws and their actual enforcement across countries, and if the index reveals that a country uses easily enforceable trademark rights, the brand manager should focus on legal protection measures. On the other hand, if protection is low, extra-legal measures are needed (Burmann et al., 2017). Overall, the two aspects “risk of plagiarism” measured by ATRIC and “degree of intellectual or industrial property right protection” measured by the Ostergard index, deliver four strategic fields of protection, which will be covered in more detail in section 4.5.

### Self-Check Questions

1. Please complete the following sentence:

The Ostergard index is a source of *laws* and their actual enforcement across countries.

## 4.3 Adapting the Product and Packaging Design

Keller (2013, p. 31) defines packaging as “the activities of designing and producing containers or wrappers for a product.” Similar to other elements like symbols, packaging has a long history. Since the time of the French emperor Napoleon there have been awards for designing ways to preserve food (which is how the first method of vacuum packing came about).

### According to Keller (2013, p. 31), the key goals of packaging are:

### Brand identification

### Conveyance of descriptive and persuasive information

### Facilitation of product transportation and product protection

### Assistance in at-home storage

### Facilitation of product consumption

To serve the needs of consumers and reach brand management goals, the design and functional dimensions of a package have to be chosen wisely. The size and shape, material, color, and graphics have to be appealing and eye-catching at the moment of purchase. Besides the visual aspects, the functional attributes are important as well and many innovations have been released over the last years. In the food segment especially, packages need to protect their contents and be very easy to use (Keller, 2012).

### Benefits of packaging

A product’s packaging can be one of the key brand associations in consumers’ daily lives. Therefore, brand managers need to regularly monitor whether or not the most recent packaging is appreciated by target groups and search for potential innovations when improvements are called for. Changes in the packaging can have a direct influence on shopping behavior and sales. For example, when the ice-cream brand Häagen-Dazs introduced a new packaging design for a particular flavor, this led to a 21% increase in sales (Hildebrandt 2010). When it comes to entering new segments, there is a trend relating to the size of packaging. Jumbo sizes or single sizes have been developed in recent years to attract different consumers and meet their needs (Keller, 2012).

It is also important to be aware of how important the packaging is at the point of purchase. The average supermarket shopper can be exposed to 20,000 or more products in a 30-minute shopping trip. Since many product categories offer various similar products, the packaging can be a key influencing factor in the decision making process. This phenomenon is referred to as “last five seconds of marketing” or “permanent media” or “the last salesman” (Keller, 2012). Some supermarket chains like Walmart even run tests to see whether their consumers grasp the idea of a brand from its packaging.

### Packaging psychology

Due to the importance of packaging for sales and brand image, practitioners and researchers have tried to reveal the underlying consumer psychology. Keller (2013) refers to the researcher Wansink who states that managers should think about packaging beyond the most obvious purpose of encouraging purchase. In the packaging design process, it is crucial to consider the fact that a product’s packaging has the power to influence consumers long after purchase: it can affect the perceived taste and value as well as the consumption amount and style. The comprehensive research conducted by Wansink and colleagues and their findings and recommendations for brand managers are summarized by Keller (2013, p. 169):

## **Taste**

What consumers see on the exterior of a product can have an impact on their sense of taste and touch. For example, many people think soy does not taste good. In experiments with non-soy bars showing soy on the wrapper, soy bars were rated as unappealing and without taste (Wansink & Park, 2002). For brand managers it is important to choose the right wording on a package since this can heavily influence consumer expectations.

## **Value**

Even after the sales process, consumers tend to judge good value based on the packaging. For example, consumers think that bigger packages mean better value for money. The shape of packaging influences consumer perceptions too (Wansink, 1996).

## **Consumption**

Research has shown that consumers use significantly more of a product (foods and personal care) when the packaging size doubles. An experiment with moviegoers in a cinema revealed that those who got the large-size popcorn buckets ate 49% more compared to the ones who had medium buckets (Wansink & Park 2001).

The future of packaging

One of the most important trends today is a move towards sustainable packaging. Kotler et al. (2021b) stress that the need for sustainable products and packaging has increased in the past years and will continue to grow. Younger consumers around the globe expect sustainability as something that should be self-evident. Millennials show clear attitudes and behavior towards sustainable consumption (Businesswire, 2021; Deloitte, 2021).

A study by McKinsey consulting services (2020) shows that public awareness of packaging waste leakage and plastic waste has increased significantly in recent years. Images of the effects of plastic pollution in the oceans have triggered new consumer sensitivity around the world. This has led to a management shift regarding the packaging of fast-moving consumer goods (FMCG) and retail: processes are turning towards more sustainable packaging. Brand managers need to keep in mind that this is not an easy task. McKinsey suggests some considerations for operating the sustainable packaging shift:

1. Define a solid methodology of how to measure the packaging in terms of sustainability, cost, and convenience.
2. Develop an understanding of the full opportunity and value in the overall product portfolio based on new sustainability requirements.
3. Packaging guidelines and strategies for the future need to be clear, and new valuable partnerships have to be built in order to serve the new packaging demands (McKinsey, 2020).

### Self-Check Questions

1. Please list two out of three psychological aspects of packaging.

* *Packaging can influence value.*
* *Packaging can influence taste.*
* *Packaging can influence consumption.*

## 4.4 Creating the Brand Look

The look of a brand can be so important that visual elements like the color of a brand can be registered. The typical red of the Coca Cola can is an example of such a case. For a brand to get a special color registered as a trademark, the approval of a court is required, and it is only possible if the color has achieved a secondary meaning for the brand. Some brand owners do underline a secondary meaning by conducting research. For example, when the chocolate brand Cadbury’s wanted to register their typical brand color, purple, in New Zealand, the company investigated the associations between the purple color and the brand and found strong enough associations in different studies to convince the court (Hoek & Gendall, 2010).

Logos

Visual aspects play a major role in building brand equity, especially when it comes to developing brand awareness. Logos are associated with origin or ownership, e.g., some countries use representative logos (Keller 2012). Logos can take many forms; they can be rather direct, showing the trademark explicitly (e.g., Coca-Cola), or more abstract in design (e.g. the Nike swoosh), or they can lie somewhere between these two poles.

The advantage of abstract logos is that they can be highly distinctive and therefore attention-grabbing. However, abstract elements can also lead to misunderstandings and need more communication to be explained. A key benefit of logos for brands is their versatility because they are nonverbal and work in different countries and cultures. Additionally, logos can usually be adapted more easily than brand names (Keller, 2012).

Color Code

Color can be used strategically to develop a unique visual brand identity and differentiate it from competitors in the market. For example, Coke is associated with the color red, whereas its main competitor, Pepsi, is associated with the color blue. A color can have a large impact on the brand and it is therefore important to carefully define the color of a brand (Labrecque & Milne, 2012). According to Shah (2020), there are three key questions to consider relating to color theory in marketing:

1. “Association: What is the association we have with a color?
2. Perception: How does color association impact our perception of a brand?
3. Experience: How does our subsequent brand experience impact our associations?”

Symbols

For fast and easy comprehension of the brand promise it is necessary to transfer it into certain symbols, which represent the promise for target groups (Burmann et al., 2017). Brand symbols are defined as “signs that refer to a brand and allow for identifying and communicating information about the brand” (Burmann et al., 2017, p. 113). From an identity-based brand management perspective, brand symbols not only represent brand names and logos, known as primary symbols, but also dimensions like the brand’s image and promise, known as secondary symbols (Burmann et al., 2017). Secondary symbols can take the form of slogans like Nike’s command to “Just Do It” but they can also be events like the ones organized worldwide by Red Bull or colors like Pepsi blue. It is highly important for brand management to keep brand-related symbols consistent across all consumer touchpoints. Researchers have explained the process whereby symbols transfer the brand promise with a special sender-receiver approach: The brand owner and sender communicates the promise of the brand with the motivation to positively influence consumer and receiver perceptions by translating the promise into clear secondary symbols. The consumer should receive a combination of primary and secondary symbols as well as communication activities in a balanced way (Müller, 2012).

Practical design implications for brand managers

To manage the look of a brand, Kotler et al. (2021a, p.147) recommend that brand managers use the ten iconic principles of good design by world-renowned designer Dieter Rams:

1. Innovative
2. Makes a product useful
3. Aesthetic
4. Makes a product understandable
5. Unobtrusive
6. Honest
7. Long-lasting
8. Thorough down to the last detail
9. Environmentally friendly
10. As little design as possible

Application of these principles in the design process should be combined with knowledge about the contextual nature of design. Additionally, co-creation approaches in the design process will support the creation of a well-balanced brand design (Kotler et al., 2021a).

A brand style guide summarizes the design standards of the whole company and supports a standardized consistent brand look. It supports the company’s designers, marketers, and developers, providing them with a clear framework within which to work and aim for a more cohesive brand look. This will strengthen the brand and its awareness and consistency to positively influence brand trust in the long run. In redesign situations, the style guide of the brand should also be renewed and communicated internally. Some large global brands even communicate their style guide transparently to the public (Modicum, 2016).

### Self-Check Questions

1. Please name three of the ten iconic principles of good design by designer Dieter Rams:
2. *Innovative*
3. *Makes a product useful*
4. *Aesthetic*
5. *Makes a product understandable*
6. *Unobtrusive*
7. *Honest*
8. *Long-lasting*
9. *Thorough down to the last detail*
10. *Environmentally friendly*
11. *As little design as possible*

## 4.5 Knowing and Applying Trademark Rights

We have learned that a major concern of brand managers should be the development of trademarks from a legal perspective. The approach of identity-based trademark protection goes beyond legal protection and is useful in cases where more protection is needed, which is especially important from a global brand management perspective. In what follows, different strategies to achieve solid brand protection will be described.

Innovation capability focus

Fostering innovation capabilities is useful in cases of limited legal trademark protection. The brand Sennheiser is an example of such an approach. It managed the threat of piracy in China by increased innovation activities instead of investing large amounts of time and money in legal protection (Burmann et al., 2017). To face the challenge, they developed a visionary mindset which helped them become more innovative than the competition (Friese et al., 2006, p. 24).

Supplier and production focus

Another strategy for extra protection is a deeper supplier- and production-oriented approach. It can be advantageous to detect the main technology suppliers and build up intense cooperation with them. Doing so helps to disrupt the piracy supply chain (Keller, 2015). Outsourcing activities should be divided into several orders and partners. Partners need to be selected by working with low-risk plagiarism countries and deep cooperation (Keller, 2015).

Focus on cooperation with authorities

The difference between an original and a fake brand is sometimes very unclear and hence individual product characteristics or safety systems like QR codes are useful for protection (Keller, 2015). It is important to explain such specific characteristics to the authorities, so that they are able to identify the difference between original and fake. The authorities’ motivation to cooperate often depends on the importance of the trademark owner. Smaller and medium-sized companies are mostly disadvantaged, e.g., because of the high costs of protection. Large companies, however, face another challenge: tracking technologies themselves can be copied (Keller, 2015). Therefore, systems need to be regularly updated, and it is useful to use several techniques at once rather than relying on just one (Burmann et al., 2017).

## Consumer and sales focus

Consumer-oriented strategies increase the ability to identify differences between original brands and copies (Burmann et al., 2017). The approach works well in situations where the brand purchase is risky (e.g., in the health sector). Signals and technologies for checking that a product is authentic are often complex to communicate to consumers and necessitate specific equipment like a QR scanner, which could be difficult for certain segments (Keller, 2015). Also, such techniques could make consumers more aware of cheaper alternatives (Keller, 2015). Brand protection strategies with a sales-related focus try to make risky sales channels safer (e.g., online shopping channels). Online shopping platforms can build tools for directly alerting piracy cases, which can be proved by operators and blocked in case of plagiarism (Burmann et al., 2017). Another form of protection is to develop distribution channels which stay under the control of the brand owner and are highly protective against trademark piracy (“own sales channels”). Alternatively, it can be useful to foster cooperation with sales channel owners (Keller, 2015).

## Internal Requirements for Applying Trademark Protection Strategies

A successful identity-based trademark protection system often includes several of the strategies described above and combines them with legal activities (Keller, 2015). The integrated approach only works if internal requirements are given, as described next.

First, such an approach goes beyond usual trademark protection and requires organizational integration, e.g., under the guidance of a unit of experts working with the brand managers and marketing team (Keller, 2015). Such a unit would build a fundamental trademark protection strategy and concrete activities including legal and extra-legal dimensions (Burmann et al., 2017). Depending on the strategy, different departments may have to be integrated, for example sales and innovation teams, if the strategy is to interrupt piracy in sales channels (Keller, 2015). The company Nestlé has developed a central trademark protection unit within the organization, which holds all trademark rights for the main company and gives licences to different sub-companies across countries (Keller, 2015).

Second, knowledge about local conditions in foreign markets, including the presence of trademark privacy, is key to successful integrated trademark approaches. Research has identified a relationship between sophisticated knowledge about local trademarks and trademark protection success (e.g., Staake & Fleisch, 2008). It is common to integrate local support via teams responsible for gathering local knowledge. Again, the company Nestlé organizes several regional trademark protection units which collect relevant knowledge for each region and share the local insights with headquarters (Keller, 2015).

### Self-Check Questions

1. Please complete the following sentence:

Strategies of protection with a *sales-related* focus try to improve risky sales channels.

Summary

The recent development of trademark piracy around the globe underlines the fundamental importance of trademark management for branded products. Trademark management goes beyond legal registration and should be integrated into the company by using an identity-based approach. Especially in countries and product categories showing a higher threat of piracy and low protection standards, additional strategies are necessary to protect the brand. Strategies of innovation or with a consumer or sales focus have been presented and should be combined wisely by brand managers.

The importance of the name of a brand, its visual dimensions, symbols, and logo has been highlighted by practical examples. Brand managers need to develop guidelines to achieve a consistent brand in terms of color and other brand look aspects. Details like the correct color shade should not be underestimated, because they can largely impact the equity of a brand. Another success factor in brand management is the packaging of the brand. Managers should gain knowledge about the psychology of packaging. For example, package size and shape influence consumers’ expectations and associations with the brand, even when the buying process is over. An important trend is the sustainability of packaging and brands. Younger consumers in particular are highly demanding in terms of sustainable brands and expect packaging that minimizes environmental risks and actively contributes to environmental protection.