

# PRIORITIES, PROGRESS, AND PERSPECTIVES ON BRANDING

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## I. INTRODUCTION

My work in the branding area began in the mid-1980's. My initial research coincided with a heightened interest in branding that emerged from industry and academics at that time. There had been a number of mergers and acquisitions whose financial arrangements had clearly demonstrated the intangible asset value of brands. Many different kinds of firms, the business media, and Wall Street were all becoming more interested in brand management. At that same time, the Marketing Science Institute began to hold conferences on and fund research into branding that fueled academic interest and helped the area gain legitimacy among marketing scholars.

Due to concerted efforts by academics and industry practitioners alike, our understanding of brands and brand management has greatly increased over these last 25 years. We now know more about what

works and what doesn't work. Nevertheless, there have also been a number of marketplace developments in recent years that have created significant branding challenges. Although progress has been made in addressing these challenges, their complexity and difficulty suggest that they are likely to persist well into this next decade.

The purpose of this paper is to suggest some of the most significant challenges faced now by brand marketers, offering some perspectives as the nature of the problems and the progress made on possible solutions. The purpose is not to exhaustively review all or even most of the relevant research on these different topics. Rather, a more personal point-of-view will be expressed as to what can and should be happening in branding in the coming years.

Specifically, six branding priorities are identified that cover a wide range of issues

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and activities. In each case, some research-based insights will be highlighted and guidelines will be suggested. The paper concludes with some final observations and a selective bibliography of additional readings.

## 2. SOME CONTEXT

Before beginning our branding analysis, it is useful to offer some brief context and motivation. Although some critics may question their importance, brands have survived for centuries—and are likely to continue to thrive for many years to come—because of their fundamental purpose. At their best, brands allow consumers to reduce risk, simplify decision-making, and gain greater satisfaction in their lives. To consumers, strong brands make their lives a little—or sometimes even a lot—better. *The role and functions of brands are so fundamentally pervasive and valued by consumers, it is difficult to see their potential importance diminishing.*

That is the good news. The bad news is that managing brands to achieve that potential is as difficult as ever. Marketers must now cope with a variety of difficult circumstances. Consumers are as diverse, enlightened, and empowered as they have ever been. Virtually every market has

experienced heightened levels of competition as a result of the entrance of global firms, private labels, and mega brands from related categories. A rapidly changing technology has profoundly affected how consumers live and shop and how marketers can learn about and manage their brands. Finally, serious environmental, community, and social concerns exist all over the world. The marketing environment always changes, but the pace of change seems to have accelerated with the turn of the century.

As a result of this marketplace transformation, the rules of the branding game are very different now. What worked 10 or 20 years ago does not work as well if at all today, and almost certainly will not work as well 10 or 20 years from now. There are a number of areas where marketers are re-thinking—and sometimes fundamentally changing—their branding policies and practices. Here are six key ones that represent important branding priorities in the years to come.

### SIX BRANDING PRIORITIES

1. Fully and accurately factor the consumer into the branding equation

*Focus on the consumer and recognize*

*what they know and don't know about brands and what they want and don't want from brands and engage in "participation marketing" in the process.*

One of the most important realizations in branding has been the fundamental importance of the consumer to branding, as best encapsulated by that oft-used, but highly appropriate aphorism, "The Consumer Owns the Brand." The power of consumer perceptions and beliefs to make or break brands has been demonstrated time and time again in the lab and in the real world.

In an abstract sense, brands succeed by creating mental structures and knowledge in consumers' minds that result in them favoring the brand in different ways. This is not without some controversy, as witnessed by the public reaction to research that showed how preschoolers felt that McDonald's food—even carrots, milk and apple juice—tasted better when it was wrapped in McDonald's familiar packaging versus unmarked wrappers. The growing area of behavioral economics and the study of the often seemingly irrational nature of consumer decision-making have yet to fully introduce branding notions, but when they do, they will no doubt further unearth the power of brands to transform consumer behavior in other significant ways.

From a managerial perspective, a consumer

voice must be heard and understood in every branding decision that marketers make. It is easy for companies to slip. As just one simple example, in developing a brand architecture, a mistake often made in naming products is to take too much of an internal company perspective and arrive at an overly-complicated solution with many different layers and levels of branding. In such cases, consumers will resort to simplifying things to try to make sense of it all. If that doesn't work, they may very well just move on to a competitor with a more straight-forward, easily grasped set of offerings. Part of the appeal of Colgate Total was undoubtedly that it offered a simple solution to a section of the store—the toothpaste aisle—that consumers have found bewilderingly confusing.

So Silicon Graphics, as they were known at the time, may have chose to name their new 3D work station "Indigo<sup>2</sup> Solid Impact"—which they did—but their customers may have also chose to just call it "Solid" for short—which *they* did. Creating equity for a low level brand modifier is not good branding practice. Brand equity ideally resides at the highest level of the branding hierarchy possible where it can benefit more products and services. Note that Silicon Graphics made that objective more difficult by also not even using their

corporate name in any way for that family brand line.

In naming products and services and in developing marketing programs and activities to build those brands, a consumer point-of-view must be fully and accurately incorporated. This requires illuminating consumer research and a sharp marketing mindset that will properly interpret and act on what is learned. The best marketers are using consumer insights to skillfully manage customers and brands to maximize brand equity and customer equity. There can't be one without the other. There are no brands without customers and there are no customers without brands. Brands serve as the "bait" that retailers and other channel intermediaries use to attract customers from whom they extract value. Customers serve as the tangible profit engine for marketers to monetize their brand value. There are two areas, however, that are clearly vexing for even the most customer-centric companies—customer diversity and customer empowerment.

### Customer Diversity

Branding is not just about "the" customer or consumer—multiple segments and sub-segments of consumers typically make up a

customer franchise for a brand. These segments may be defined on the basis of a whole host of dimensions. Some of the most challenging segmentation decisions concern cultures and geographies. Embracing a multicultural perspective in branding is a necessity in today's diverse world. Beyond the direct effects of more inclusive marketing programs for more consumers or groups of consumers, one fortunate by-product of a multicultural perspective is that it helps marketers to focus on the overall relevance of their brand and how it can be effectively adapted to all different kinds of segments that make up their target market.

In recognition of customer diversity and the plurality of segments that exist in the marketplace, marketing pundits have introduced potentially useful concepts through the years such as permission marketing, 1-to-1 marketing, brand journalism, and so on. These concepts all stress the importance of the consumer to marketing in a positive way and reinforce the fact that any brand franchise has multiple constituents that need to be effectively understood and addressed in the marketplace. All of these concepts, however, must be interpreted carefully in terms of the branding implications of their recommendations.

Take brand journalism, for example. The rationale is that, just like editors and writers for newspapers or magazines tell many facets of a story to capture the interests of diverse groups of readers, marketers should communicate different messages to different market segments to reflect differences in taste. This concept as expressed, however, can overstate how different the marketing of any brand can be for different segments. For strong brands, the common core of the brand promise is found in virtually all aspects of their marketing programs.

#### Customer Empowerment

Much has been made of the newly empowered consumer—in charge, setting the direction of the brand, and playing a much bigger role in how it is marketed. Consumers are undoubtedly more actively involved in the fortunes of brands than ever before. But the reality is, only *some of the consumers* want to get involved with *some of the brands* they use and, even then, only *some of the time*.

No question, largely due to the Internet, consumers can choose to become more engaged with a brand, communicating with the company and other consumers about their likes and dislikes about it and even

how the brand is marketed. For those consumers who choose to become engaged at a deeper level, marketers must do everything they can to encourage them to do so with social media and other marketing tools, as will be described below. But many consumers will choose not to do so and understanding how to best market a brand given such diversity in consumer propensities, interests, and activity levels is crucially important.

Moreover, even if firms seek to engage consumers to a greater degree with their brands, consumers often have difficult-to-express, undefined, ambiguous, or even conflicting preferences. How can consumers tell a company what information they want if they don't know what information is available or why any one particular piece of information may or may not be useful or important? As a consequence, consumers may need guidance and assistance in even forming and conveying their preferences to firms. In that regard, “participation marketing” may be a more appropriate concept for marketers to employ, because marketers and consumers need to work together to find out how the firm can best satisfy consumer goals given consumers' knowledge and interests and what they are willing to put into and hope to get out of the brand.

## 2. Go beyond product performance and rational benefits

*Craft well-designed products and services that provide a full set of rational and emotional benefits.*

One enduring truth in branding is that at the heart of a great brand is a great product or service. In today's highly transparent world, there really is no other way. An increasingly crucial component of the value propositions for many firms is the design of their products and services. Adept marketers at firms such as Apple, Nike, Ritz Carlton, Singapore Airlines and Samsung are optimizing functional and aesthetic aspects of the design of their products and/or services to maximize sales and brand equity.

### Breadth of Product Design

It is important to remember that product design is not only how a product works, but also how it looks, feels, or even sounds and smells. Service design similarly is a function of all sensory aspects that consumers encounter and experience with a brand. Designing products and services that can more efficiently and effectively deliver the full range of potential core category benefits is still of paramount importance and a powerful means to gain

competitive advantage, even in many mature categories. Much of Procter & Gamble's recent success with brands such as Pampers, Tide, Gillette, and Venus has followed just that formula.

Great product and service design comes from keen consumer insight and inspired, creative solutions. With the right designs, a brand offers advantages in product and service performance and imagery that creates significant functional and psychological benefits. A well-designed product or service affects consumers rationally and emotionally, both in their heads and in their hearts. Developing better designed products and services, however, requires a clear, comprehensive, up-to-date understanding of consumers and how they purchase and use products and services and think and feel about brands.

### Rational & Emotional Benefits

Design considerations will increasingly drive the innovation pipeline in terms of both new, as well as improved, products and services. Competitive advantages and brand strength will thus come from having better designed products and services than competitors, providing a wider range of compelling consumer benefits as a result. Emotional benefits will be most impactful, in particular, when they are directly linked

to a functional benefit.

As an example of the importance of linking rational and emotional benefits, consider the astounding multi-billion dollar success of Pampers and how Procter & Gamble benefited from repositioning the brand. Pampers had been positioned for years on the basis of dryness and absorbency via classic product comparison advertising. As a result of insights gained from consumer research, P&G leveraged those functional product benefits to create a powerful emotional benefit. P&G based the new Pampers positioning on firmly-held consumer beliefs that: 1) a dry baby sleeps better and 2) a well-rested baby would play and learn more the next day. In other words, to parents, the functional benefit “dryness” ladders or leads directly to the emotional benefit of “caring for your baby.” The new positioning thus celebrated Pampers as “Caring for Baby’s Development”—the emotional payoff from the brand’s rational product benefits.

3. Make the whole of the marketing program greater than the sum of the parts

*Develop fully integrated channel and communication strategies that optimally blend their strengths and weaknesses.*

The diversity of means to communicate

about and sell products and services to consumers has exploded in recent years. Major shifts in media viewing habits have emerged due to a number of factors: the fragmentation of TV viewership; the growing use of DVR’s, video gaming and internet broadband; the rise of mobile phones as a everyday tool; the explosion of online blogs and social communities; and the greater importance of events, experience, and buzz marketing. These developments have fundamentally affected how companies communicate about their products and services. Similarly, firms now have a host of ways to distribute and sell their products online or offline, directly or indirectly via retailers, etc.

#### Mixing and Matching Marketing

Marketers are increasingly embracing traditional and non-traditional communications and different types of personal and mass media. It is hard to imagine a modern communication program that does not attempt to skillfully combine some form of: 1) online, interactive communications, 2) “real world,” experiential communications, and 3) traditional, mass media communications. Such combinations help marketers to inform, entertain, persuade, and engage consumers and initiate on-going conversations and dialogues. Marketers are also

combining “push” and “pull” in their distribution strategies to maximize coverage and impact, selling directly via the mail, the Internet, telephones and cell phones, and company stores, while also selling indirectly via different types of wholesalers and retailers.

The challenge for top brands is to how to assemble the best set of channel and communication options to maximize sales in the short-run and brand equity in the long-run. The art and science of integrated marketing is to optimally design and implement any one channel or communication activity so that it: 1) creates the right direct effects in isolation, but at the same time 2) creates the right indirect effects by the way it complements or interacts with other channel or communication options. A breathtaking TV ad may change a viewer’s opinions of a brand, but also make that viewer more likely to visit that brand’s Web site or respond more favorably to a later brand promotion.

In designing these channel and communication options and activities, any one consumer may have a different channel and communications history and different levels of brand knowledge as a result. Ideally, any one channel or communication option or activity would be designed to be

versatile enough so that it worked well regardless of the particular path a consumer had been on and marketing options already encountered or experienced.

For example, part of Nike’s amazing marketing success is the fact that they have combined their broad range of distribution channels with an extensive online and offline communication program that is arguably as relevant to the world’s elite athletes looking to excel in their sport as to the average person who just wants Nike to be part of their everyday recreational life. Note that one advantage of a well-designed Web site, because of its interactivity, is that it often effectively communicates and sell to consumers regardless of their personal shopping or communications history.

#### Social Media

An increasingly key component for any successful 21<sup>st</sup> century brand is an effective and efficient online, interactive marketing communication program. As more and more consumers spend more and more time on the Internet, the ability of online, interactive communications to directly impact consumers at any stage of the consumer decision funnel and to reinforce or compliment other offline marketing efforts is crucial. Online, interactive

communications typically entail some combination of a well-designed Web site (with at least some customer generated content and feedback); e-mails; banner, rich media, or other forms of electronic ads; search advertising; and social media.

A social media program, at least these days, often consist of some combination of online communities, forums, and blogs (which includes individuals or networks such as Sugar, Gawker, etc.) and a presence on popular social media Web sites such as Facebook, Twitter, and YouTube. Social media offers a wealth of opportunities to marketers. Social media is an especially effective means to creative active engagement and involvement with consumers for their brands. By providing the right online information, experiences, and platforms for brands, marketers can help consumers to learn from and teach other consumers about a brand, as well as express their brand loyalty and observe that of others.

A clearly defined brand strategy and communication plan will help to guide those efforts so that they provide maximum short-run sales and long-term brand equity advantages. But the existence of social media often raises concerns in terms of potentially subversive behavior by a small group of consumers, undeservedly negative

feedback, or other unfavorable outcomes. Several points are important to keep in mind though.

First, it should be recognized that many of these undesirable branding effects would occur whether the brand was engaged in a social media campaign or not. Being online to provide a more positive point-of-view for the brand is a means to help potentially counterbalance or even overcome these negative effects. Second, a certain amount of negativity is to be expected and tolerated. As the saying goes, it is impossible to please all the people all of the time. Adopting a “thick-skin” stance online is imperative given the reality that a caustic comment or unpleasant review is one consumer click away.

Fortunately, an increasingly robust and detailed set of online metrics exist by which marketers can track the nature, extent and valence of public sentiment. By monitoring online buzz and events in this way, marketers can more effectively assess and determine the proper response to any potentially damaging online episode.

4. Understand where you can take a brand (and how)

*Design and implement a new product development and brand architecture*

*strategy that maximizes long-term growth across product offerings, consumer and customer segments, and geographical markets.*

For long term financial prosperity, the successful launch of new products and services and the entry of existing products and services into new markets and market segments are of paramount importance. From a branding standpoint, brand growth requires a well thought out and implemented brand architecture strategy that clarifies three key issues: 1) the potential of a brand in terms of the breadth of its “market footprint,” 2) the types of product and service extensions that would allow a brand to achieve that potential, and 3) the brand elements employed and positioning and images conveyed about all the different offerings for a brand in different markets and to different consumers.

#### Brand Potential

A good brand architecture helps to define brand boundaries in terms of what products or services the brand could represent, what benefits it could supply, and what needs it could satisfy. A good brand architecture provides “guardrails” as to appropriate and inappropriate line and

category extensions. It clarifies meaning and promise of the brand to consumers and motivates them in terms of which are the right versions of the product or service for them.

Understanding the relevance of the brand promise and how it should best be translated and adapted to different products and markets is challenging, but critical. Ensuring there is a consistent brand thread that is evident across all possible variations is crucial. Every product or service sharing the brand name should be clearly seen as delivering on the unique brand promise. A simple test: If you can replace the specific brand in any of its marketing with a competitive brand and the marketing would still essentially make sense and “work” with consumers, then something is probably wrong. For example, if a Miller Lite ad would be as logical and appropriate if the brand were replaced somehow in the ad by Bud Light, then the ad is probably not aligned sharply enough with the Miller Lite brand promise and meaning.

By adhering to the brand promise and growing the brand carefully through “little steps,” brands can cover a lot of ground. Crayola’s transformation from an essentially crayola-only brand to a brand encompassing all kinds of “colorful arts and crafts for kids” is a case in point.

## Brand Extensions

Turning to the second brand architecture issue of brand extensions, given that the vast majority of new products are extensions and the vast majority of new products fail, the implication is clear: Too many extensions fail. Why? Extensions are not creating sufficient relevance and differentiation in their new product or service categories. An increasingly competitive marketplace in the years to come will be even more unforgiving to poorly positioned and marketed extensions. Marketers must therefore be rigorous and disciplined in their analysis and development of brand extensions to increase their likelihood of success.

Much academic research has studied brand extensions. Exhibit 1 highlights some key brand extension research findings that have emerged from those studies. Based on this academic research and other inputs, Exhibit 2 contains a scorecard that identifies a set of factors to be accounted for in evaluating any potential brand extension. The specific details of the scorecard can certainly be debated; the particular questions (or items), as well as the weights applied to these items, can be adjusted to suit a marketer's personal opinions or the specific marketing context involved. The specification in this particular

scorecard just represents a starting point. The key point to keep in mind is that by adopting some type of formal model or scorecard, systematic thinking can be applied across a broad range of relevant criteria to judge the merits of any possible extension.

## Naming

The third and last ingredient in a brand architecture strategy is the literal branding itself and the name, look, and other brand elements applied to new products. There are many considerations that matter, but one key concept here is the proper use of sub-branding. By combining new brand elements with existing parent brand elements, sub-branding can be an effective way to signal the intended similarity or fit of a new extension with its parent brand. By adjusting the relative prominence of these new and existing parent brand elements, firms can signal how close or far a new brand extension is from the parent brand. Consumers are very literal—putting the parent brand name before a new, individual name, for example, as compared to putting it second, makes it more like the parent brand.

A good sub-branding strategy can create a “best of both worlds” scenario where it facilitates access to associations and

attitudes to the company or family brand as a whole while at the same time allowing for the creation of specific brand beliefs to position the extension in the new category. Moreover, sub-branding can also help to protect or shield the parent brand from any potentially negative feedback that might be associated with the extension. To realize these benefits, however, sub-branding typically requires significant investments and disciplined and consistent marketing to establish the proper brand meanings with consumers. In the absence of such financial commitments, marketers are often well-advised to adopt the simplest brand hierarchy possible, e.g., using the company or family brand name with product descriptors.

## 5. do the right thing with brands

### *Embrace corporate social responsibility and manage brands for the long-run.*

In part due to the heightened media coverage of business, there is greater transparency and awareness of companies and what they say and do, both inside as well as outside the company. Of greater concern to many consumers these days, especially younger ones, is whether a company is doing “good things” for local communities, society as a whole, and the

broader natural environment. Heightened scrutiny from the investment community has caused many companies to adopt an overly myopic short-term planning horizon for their brands. We next address both of these marketplace realities.

### Cause Marketing

Brand marketers must proactively embrace social responsibility and ethically and morally proper behavior at all times. In particular, marketers need to find “win-win” solutions with cause marketing programs and other activities that allow them to enhance the welfare of consumers, society or the environment while still profitably running their businesses. If designed and implemented properly, cause marketing programs can accomplish a number of objectives for a brand: Build brand awareness; enhance brand image; establish brand credibility; evoke brand feelings, create a sense of brand community, and elicit brand engagement.

A classic example of a successful cause marketing program is Ronald McDonald Houses, which offers more than 5000 rooms each night to families in 30 countries that need support while their child is in the hospital. By providing a “home away from home” for nearly 4

million family members since 1974, the Ronald McDonald House initiative reinforces McDonald's public image as a caring company that is committed to helping kids and their families.

### Protecting Brand Equity

Doing the right things with brands also involves something even simpler and more straight-forward. One aspect of doing the right things with a brand is to actually treat the brand itself with some understanding and respect as to its meaning and what the brand represents to consumers. It is shocking how many liberties marketers take with brands that actually harm their equity.

Some firms are trying to make sure that does not happen. Walt Disney launched their internal brand mantra of "fun family entertainment" for their Disney brand to help employees judge whether any marketing or other action was "on brand" in part because they feared "death by a 1000 cuts." The worry was not that any one decision would be fatal or highly damaging to the brand, but that a number of little concessions and compromises would eventually add up to significantly erode the equity of the Disney brand.

Pepsi's recent packaging redesigns for Gatorade, Pepsi, and especially Tropicana,

for example, were all criticized to varying degrees as not being faithful to the equity of those brands. Over-exposing, over-extending, over-modernizing, over-discounting—there are many ways to take advantage of a brand. The best and most widely admired marketers treat their brands with understanding and respect with a clear sense of commercial and social purpose. They take their brands on a well mapped-out journey that allows the brand to profitably grow while preserving its close bonds with consumers and benefits to society as a whole.

6. Take a big picture view of branding Effects and Know what is working (and why)

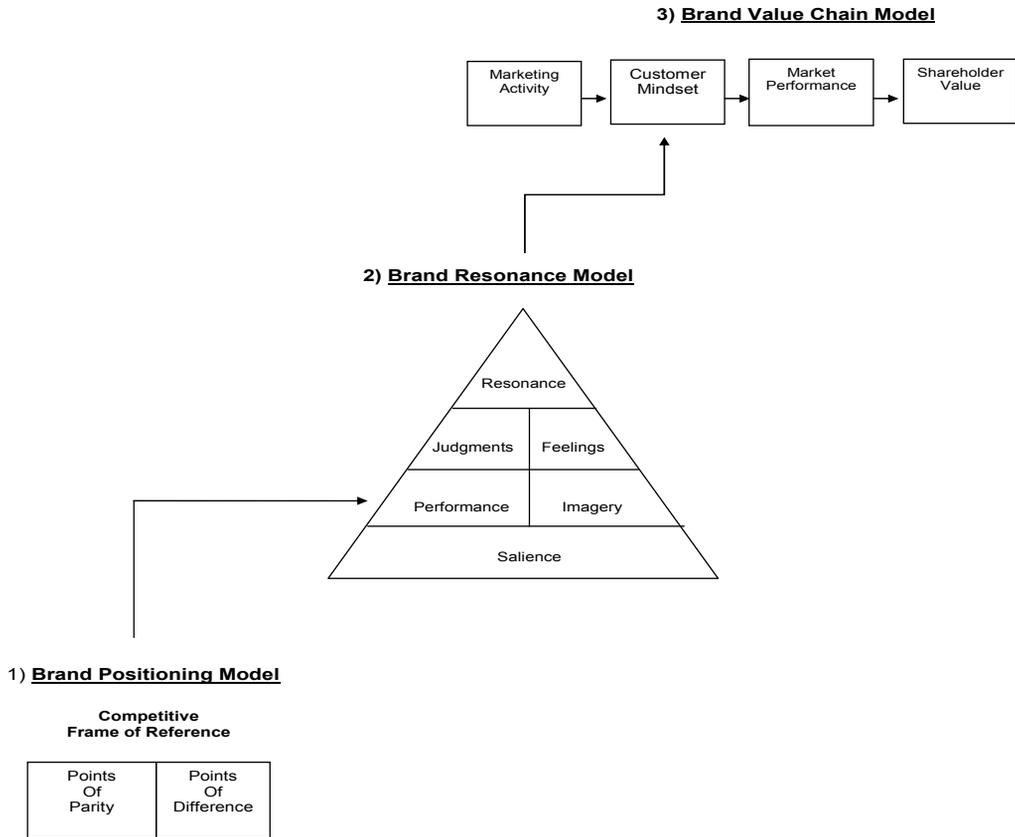
*Achieve greater accountability for brand investments and deeper understanding of the power of brands*

The potential value of brands to companies, consumers, and employees alike has put pressure on marketers to better understand the value in their brands and how successful their marketing is in building that brand value.

### Brand Accountability

Heightened by tough financial times, marketers increasingly have had to do "more with less" with their marketing

**FIGURE 1  
THREE MODELS FOR  
BRAND PLANNING, TRACKING, AND MEASUREMENT**



budgets and persuasively justify all expenditures that they make. One challenge in achieving accountability with brand investments is the broad and varied effects that marketing activities have on a brand. Any one marketing activity may increase the breadth or depth of brand awareness; establish or strengthen performance-related or imagery-related brand associations; elicit positive judgments or feelings; create

stronger ties or bonds with the brand; and initiate brand-related actions such as search, word-of-mouth, purchase, and so on. Moreover, in many, if not most cases, multiple effects will result from any particular marketing activity.

Marketers must adopt models to help them develop ROI insights and interpretations. Given the wide variety of potential marketing activities that may be

undertaken and the broad range of possible effects that may result, these models must be comprehensive, cohesive, and actionable. As an example, Figure 1 summarizes three linked, interlocking models that I use in brand planning, tracking, and measurement:

- a. The *brand positioning model* describes how to establish competitive advantages via points-of-difference (associations unique to the brand that are also strongly held and favorably evaluated by consumers) and points-of-parity (associations shared with other brands that are designed to negate competitors' points-of-difference, overcome perceived vulnerabilities of the brand, or establish category credentials).
- b. The *brand resonance model* considers how intense, active loyalty relationships are created with customers. The basic premise is that building a strong brand involves a series of steps as part of a "branding ladder" and a set of logically constructed set of "brand building blocks." Brand resonance occurs when consumers feels completely "in synch" with the brand. The second level of the model is where the output from the brand positioning model appears in terms of which points-of-parity and

points-of-difference are to be created with which performance and/or imagery associations.

- c. The *brand value chain model* describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments. The brand value chain model examines four different stages in value creation process for a brand. It considers how marketing activities affect the customer mindset—as can be measured by all the building blocks in the brand resonance model—which, in turn, creates various marketplace outcomes and ultimately shareholder value.

Again, the specific components of each of these three models are not as important as their purpose and scope. These models can both assist planning and measurement; they can capture a full range of marketing activities for any type of brand. In particular, by tracing the effects of marketing activities, through the customer mindset, and on to various marketplace outcomes such as price premiums, loyalty, sales, market share and profitability, marketers can gain a clearer picture of how well their marketing is doing and why.

## Deeper Brand Understanding

Branding is clearly a complex marketing endeavor. To better grasp all of its dimensions, a multi-disciplinary view can be adopted to interpret branding effects and more completely understand brands, the value that they have created, and how they should be managed as a result. Marketing guidelines for branding can be developed from a variety of different perspectives. Notably, branding efforts can be informed in different ways by economic, psychological, and sociological points-of-view.

Regardless of the particular branding perspectives adopted, however, marketing fundamentally should help to create or enhance the equity and value of a brand to all its various constituents. In particular, the stronger the brand, the more power brand marketers have with distributors and retailers and the easier it is to implement marketplace programs to capitalize on that brand equity. Extracting proper price premiums that reflect the value of the brand—and not over- or under-pricing—is one of the most critical financial considerations for branding.

## CONCLUSIONS

Recognizing the substantial intangible

value of brands, branding is likely to remain a top priority for organizations of all kinds. Fortunately, the branding area continues to receive intense research attention, as researchers continue to tackle old problems and address new challenges in important ways. Successful branding in the 21<sup>st</sup> century requires new areas of emphasis and new skills. Six priority areas were identified in this paper:

- 1) Focus on the consumer and recognize what they know and don't know about brands and what they want and don't want from them and engage in participation marketing.
- 2) Craft well-designed products and services that provide a full set of functional and emotional benefits.
- 3) Develop fully integrated channel and communication strategies that optimally blend their strengths and weaknesses.
- 4) Design and implement a robust brand architecture strategy that maximizes long-term growth across product offerings, consumer and customer segments, and geographical markets.
- 5) Embrace corporate social responsibility and manage brands for the long-run.
- 6) Achieve greater accountability for brand investments and deeper understanding of the power of brands.

For each area, some broad perspectives

and guidelines were put forth to gain insight and stimulate further thinking. Obviously, however, each area is highly complex and challenging and deserves much greater analysis and discussion. We conclude by discussing one broad theme that in some ways cuts across all six of these areas: The importance of achieving balance in managing brands by finding the “branding sweet spot.”

Finding the branding sweet spot involves reconciling trade-offs in brand management and striking the balance between simplicity and complexity in all marketing decision-making and activity for a brand. Trade-offs are pervasive in marketing a brand—short-run sales versus long-run brand equity, global control vs. local customization, retaining vs. acquiring customers to name just a few. The art and science of modern brand marketing in many ways is how to fully understand and creatively address the significant branding tradeoffs that exist in so many areas.

Depending on the branding trade-offs involved, many potential types of solutions. For example, one challenge in positioning a brand is that consumers often view many attributes or benefits as being inversely-related, such that if a brand is good in one area, it must not be good in another area. To be effectively positioned, however, the

brand must have points-of-difference in those areas in which it is good and at least points-of-parity versus competitors in those areas in which it may be seen as inferior. To overcome these potentially conflicting objectives, companies have employed a wide variety of strategies such as breakthrough product or service innovations; improved business models; expanded or leveraged resources; enhanced or embellished marketing; perceptual framing to overcome misperceptions; or just sheer creativity and inspiration.

In developing solutions to achieve balance in branding and in promoting the art and science of brand management within the organization, it is important to: 1) not over-simplify branding so that all the richness is stripped away but, at the same time, 2) not over-complicate branding so that marketers and other employees are overwhelmed by the complexity involved. The optimal branding approach recognizes that many different aspects of branding matter, but priorities exist as to which aspects are most crucial. The above discussion of six branding priorities was an attempt to do just that.

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## Exhibit 1

### Research Insights on Brand Extensions

- Successful brand extensions occur when the parent brand is seen as having favorable associations and there is a perception of fit between the parent brand and the extension product.
- There are many bases of fit: product-related attributes and benefits, as well as nonproduct-related attributes and benefits related to common usage situations or user types.
- Depending on consumer knowledge of the categories, perceptions of fit may be based on technical or manufacturing commonalities or more surface considerations such as necessary or situational complementarity.
- High-quality brands stretch farther than average-quality brands, although both types of brands have boundaries.
- A brand that is seen as prototypical of a product category can be difficult to extend outside the category.
- Concrete attribute associations tend to be more difficult to extend than abstract benefit associations.
- Consumers may transfer associations that are positive in the original product class but become negative in the extension context.
- Consumers may infer negative associations about an extension, perhaps even based on other inferred positive associations.
- It can be difficult to extend into a product class that is seen as easy to make.
- A successful extension can not only contribute to the parent brand image but also enable a brand to be extended even farther.
- An unsuccessful extension hurts the parent brand only when there is a strong basis of fit between the two.
- An unsuccessful extension does not prevent a firm from “backtracking” and introducing a more-similar extension.
- Vertical extensions can be difficult and often require subbranding strategies.
- The most effective advertising strategy for an extension emphasizes information about the extension (rather than reminders about the parent brand).

<source : Kevin Lane Keller, *Strategic Brand Management*, 3rd ed., Upper Saddle River, NJ: Prentice Hall, 2008>

## Exhibit 2

### POSSIBLE BRAND EXTENDIBILITY SCORECARD

Allocate points according to how well the new product concept for the brand rates on the specific dimensions in the following areas:

#### Consumer Perspectives: Desirability

10 pts. \_\_\_\_ Product category appeal (size, growth potential)

10 pts. \_\_\_\_ Equity transfer (perceived brand fit)

5 pts. \_\_\_\_ Perceived consumer target fit

#### Company Perspectives: Deliverability

10 pts. \_\_\_\_ Asset leverage (product technology, organizational skills, marketing effectiveness via channels & communications)

10 pts. \_\_\_\_ Profit potential

5 pts. \_\_\_\_ Launch feasibility

#### Competitive Perspectives: Differentiability

10 pts. \_\_\_\_ Comparative appeal (many advantages; few disadvantages)

10 pts. \_\_\_\_ Competitive response (likelihood; immunity or invulnerability from)

5 pts. \_\_\_\_ Legal/regulatory/institutional barriers

#### Brand Perspectives: Equity Feedback

10 pts. \_\_\_\_ Strengthens parent brand equity

10 pts. \_\_\_\_ Facilitates additional brand extension opportunities

5 pts. \_\_\_\_ Improves asset base

**TOTAL** \_\_\_\_ pts.