

Marketing week 8 – chapter 9

A business strategy is enabled by brand assets

Brand represents the VP of a business strategy → therefore must develop/refine and leverage continually

Building a brand generates a LT stock pay off → financial incentive

Brand equity- set of assets and liabilities linked to the brand.

Three types of brand assets- Brand awareness, brand loyalty, brand associations

BRAND AWARENESS

- Key strategic asset
- Provides a SCA
- Provides brand with sense of familiarity,
- Signal of presence and commitment
- Salience of a brand- relative position to other similar products
- Durable asset and not easy to copy
- Hard to displace due to dominant awareness set in customers
- Graveyard brands-high recognition and low recall\
- Building awareness- extend the brand over product categories → provides brand exposure → promotions etc

BRAND LOYALTY

- LT asset is the loyalty of the customer base
- Competitors have to take into account customer switching costs
- Based on : Simple habit(petrol/supermarket), genuine(LT satisfaction TF experience)
- Switching costs- investment made in training employees/culture training/

Advantages of loyal customers

- STRONG SCA
- Reduces marketing costs as retention is cheaper compared to reaching/persuading new customers(loyalty/retention correlation)
- Entry barrier to competitors- ↑resources needed to detour loyal customers → profit\$ potential ↓ decrease
- Large loyal customer base gives a strong brand image- reassures the loyalty pool of customers
- Gives time to respond to new threats-

Management of brand loyalty- a key to achieving strategic success

- Measure the loyalty of existing customers
- Exit interviews
- Customer oriented culture
- Reward customers
- Make customers feel like they are “part of an organization”
- Continuing communication/follow ups
- Excellent service at every possible customer touch point

BRAND ASSOCIATIONS

- “anything that is directly or indirectly linked the customers memory of the brand”
- LT → reflect the strategic position of the brand
- Product attributes and customer benefits → provide reason for purchase → brand loyalty core factor

LITTLE NOTABLES EXCLUSIVE – ALI THAIR

Problems with reliance on product attribute and benefits

1. Innovation is vulnerable → can be outspeed → more fibre, more speed, more range etc
2. Firms that do spec wars lose credibility due to multiple claims from too many companies
 - Strong brands develop associations on multiple dimensions → cannot easily copy
 - Product category very strong strategic implication → where you position your shit → e.g. schewppes

Relevance and trends- once a business loses relevance → differentiation and all its associations mean khara

Trend neglectors- firms that misinterpret trends – their products no longer relevant- realize this too late

Trend Followers- track closely the trends and the evolution of categories → making sure their products on track

Trend Responders- recognize and evaluate trends → sustain success in a dynamic market

Breadth of Product line-

- wide range gives the signal of leadership and convenience to the customer
- Risks-go into an area where it lacks the Assets/competencies, brand might get shit, resources wasted on something that's shit that could have been used somewhere else → waste of time, money and effort

Organizational Intangibles

- Attributes/associations → can easily copy
- Organizational culture/value/people and synergy → CANNOT COPY

Emotional and self-expressive benefits- When the product/service makes the customer feel emotional/feelings during use/experience of the P&S

Self expressive benefits- gives the customer a medium to allow self expression through the product

- E.g. feel sophisticated- Ralph Lauren
- Hip b- gap clothing

Experience- emotional/ self expressive /functional- strong brands have 2 or all 3

Being global-functional benefits-access service anywhere-gives prestige/assurance – global player → topdog

Contemporary-long heritage problem- becomes “dads time” → must be relevant in today's market

Brand Personality- same as humans → better when cool, fun → not boring → Harley (strong)

BRAND IDENTITY

- Provides direction, purpose, meaning for the brand
 - Set of brand associations that the business aims to for its external image → implies a promise to customers
- 1) what the brand stands for- select desired associations for brand
 - 2) Core identity-
 - target market
 - differentiate from competitors
 - parity where competition is better- can't be jack of all trade- just enable purchase/prevent non purchase
 - strategy and culture alignment
 - 3) Brand essence- single thought that captures the heart of the brand- internal communication

Role of Brand identity

- Drive and guide strategic initiative throughout the organization\
- Drive communication program- staff educated of culture and brand identity- LT perspective
- Make employees aware of the organizational culture/values etc

Chapter 10- Energizing the business

Growth also introduces vitality to an organization by providing challenges and rewards

Four methods to grow a business-

- 1) Leverage the current business
- 2) Creating a new business based on finding white space for transformational innovation → SCA
- 3) Going global- leveraging the business into new countries to create a broader market
- 4) Energize the existing business

Energizing the business in 3 ways

- 1) Innovating to improve the offering
- 2) Energizing the brand and marketing
- 3) Increasing existing customers usage

INNOVATING THE OFFERING

- Provides a sense that a firm is dynamic, creative always improving its offering → new, interesting & energetic
- Service company can improve the customer experience

Evaluate all customer touch points

- Value each in terms of customer impact and performance
- Create programs to turn problem areas into points of superiority → make them more visible
- Exceed expectations in relation to VALUE PROPOSITION

- Add new product dimension such as a feature or ingredient
- Involves understanding unmet needs, organizational support, evaluate the proposed improvements in customer relevance light
- Simplify the experience- all in one product- colgate total

Must create organizational culture that builds innovation into the business strategy

BRANDING THE INNOVATION

No matter how awesome an innovation is → useless unless it's communicated to the marketplace → BRANDING

Needs to be branded to make a difference

Sliding innovation poses two problems

- Claims cannot be backed and rationale is rubbish → claims simply fade out
- Any visible improvement is copied by competitors → the end day perception

Branding changes all that as a new offering is unique in its own right and is communicated in this manner.

Brand provides powerful functions

- Ownership of the innovation-
- Credibility-unique → worth the purchase
- Visibility label for news → easier to recall brand → apple mp3 vs ipod → recall of SCA/differentiation easier
- Communication → vehicle to summarize a lot of information without the details

INCREASING THE USAGE OF EXISTING CUSTOMERS

Attempts to ↑ market share will affect competition → precipitate → but ↑ customer usage less competitive reaction

Must ask questions

- 1) Why isn't it used anymore/less?
- 2) Barriers to increased use?
- 3) Who are the light users? Heavy?
- 4) How to increase their spending?

Motivate heavy users to increase spending- the best target- established/loyal/

Make the use easier- by customer research →

Incentives/prevent exit reasons/reminder communications/position for regular use → repositioning campaign

Find new uses