

BUILDING STRONG BRANDS

How the Best Brand
Managers Build Brand Equity

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MAIN IDEA

A strong brand creates customer interest and loyalty, and can be an organization's most valuable strategic asset. Brand equity is historical -- the current brand image is derived from actions previously taken. The process of adding value to a brand so that it has greater equity in the future is termed a brand identity program. Brand identity is built on the foundation of the value proposition -- what the product offers and how well it delivers on that promise. The value proposition is then enhanced through the integration of additional product attributes, organizational attributes, personality characteristics and visual imagery, including symbols. All of these factors come together in the brand identity program to add value to the brand in the future. A brand nurturing organization will then integrate the various brand identity programs under its control into a brand system. In a brand system, overlaps between various brands can be eliminated, clarity can be enhanced and synergy can be created as brands work together to achieve leverage. In essence, since a strong brand is the strategic asset which holds the key to the long-term performance of any organization, any initiative focused on building the value of the brand is integral to the long-term viability of the organization itself.

Rule #1 -- Have an identity for each brand -- different and distinctive from its equity. Page 2

Brand equity (or image) is historical -- how a product or service is currently perceived in the marketplace. It is derived from • Awareness of the brand. • Loyalty to the brand by existing customers. • Perceived quality of the brand. • Associations with other valued brands. • Competitive advantages. Brand identity, by contrast, is aspirational -- how the owner would like that brand to be perceived in the future, in terms of: • Product attributes. • Organizational attributes. • Personality. • Visual imagery.

Rule #2 -- Understand the value proposition or propositions around which each brand is built. Page 3

A brand's value proposition has three elements: • Functional benefits -- what the product does. • Emotional benefits -- how users feel. • Self-expressive benefits -- what being a user communicates. A productive value proposition will drive a consumer decision and form the foundation of the brand - customer relationship.

Rule #3 -- Position each brand in such a way that it guides all communications. Page 4

A brand's positioning in the marketplace specifies the unique advantage that product offers. Positioning is the sum total of five characteristics: • It ties in with the product's value proposition. • It is specific to a target audience. • It is actively communicated. • It demonstrates a distinctive competitive advantage. • It is feasible and realistic.

Rule #4 -- Communications should aim for brilliance and alignment with brand identity and position. Page 5

Brilliance means to stand out from the competitive clutter. Quality of execution is far more important for productivity than sheer repetition.

Rule #5 -- Consistency of brand identity, position and execution over extended periods increases effectiveness. Page 5

There's always an inbuilt bias in any organization to change a brand's identity, visual symbols or positioning. Fight that tendency. It will always be more productive to build and expand on what's currently working than to start afresh.

Rule #6 -- Exploit a brand system which uses several brands to create new business synergies. Page 6

A brand system allows an organization to manage a portfolio of different brand identities so that: • Common elements can be exploited to generate synergy. • No brand identity cuts across any other. • Consumer confusion can be eliminated and clarity enhanced. • Brands can be updated to respond to changing tastes. • Resources can be allocated rationally.

Rule #7 -- Leverage brands through extension or co-branding programs consistently and systematically. Page 7

Since a brand is often the most important asset an organization owns, leveraging a brand to create new assets is of strategic importance. In practice, that will usually involve: • Line extensions in the current product class. • Stretching the brand vertically in its current product class. • Extending the brand into different product classes. • Taking advantage of co-branding opportunities.

Rule #8 -- Measure brand equity quantitatively over time to track the creation of added value. Page 7

Good management decisions are made easier by using a quantitative and consistent set of criteria for measuring brand equity. Taken over time, this framework will highlight where value is being created or lost in the brand system.

Rule #9 -- Assign responsibility for brand identity and positioning to one person within the organization. Page 8

Due to the fact brand building activities will generally require coordination across business units, one person needs to be placed in charge if the program is to succeed.

Rule #10 -- Continue to invest in brands, especially when financial targets are not being met. Page 8

The natural tendency is to undertake brand building activities only when the organization's financial goals are being met. Yet the greatest opportunity to create added value probably exists when those targets are not being met -- if only because competitors will probably be in a similar situation.

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