Chapter 1
Strategic Brand Communication

◆*CHAPTER CONTENT*

KEY OBJECTIVES

1. What is the marketing mix, and how does it send messages?
2. What is integrated marketing communication?
3. Understand how this text will prepare you for your career.

CHAPTER OVERVIEW

This chapter opens by providing a definition of both marketing and marketing communication, which is followed by a discussion of the marketing industry's key players and the most common types of markets pursued, as well as the concept of added value. Next, integrated marketing communications (IMC) is defined and the various elements of branding strategy are explored, including brand meaning, brand transformation, brand identify, brand position, and brand promise. An emphasis on the role of effective communication in building strong, viable brands is woven throughout this discussion, as well as the importance of building strong brand relationships that will drive brand value. The chapter closes with a discussion of brand communication in a time of change and how the practice of marketing is evolving, especially in this new social media period.

CHAPTER OUTLINE

THE MARKETING FOUNDATION

- Traditionally, the goal of most marketing programs has been to sell products, defined as *goods, services, or ideas*. Marketing's sales goals respond to the marketplace, ideally matching a product's – and the company's production capabilities – to the consumer's need, desire, or demand for the product.

- Sometimes the challenge is to build demand for a product, as the Showcase feature in the text about Urban Decay illustrates.

The Marketing Mix

- Marketing accomplishes its goal by managing a set of operations and strategic decisions referred to as the **marketing mix**, also called the four Ps. These include the design and performance of the product, its distribution, its pricing strategies, and its promotion. These four Ps all deliver messages about the brand.

- Marketing also focuses on managing customer relationships to benefit all of a brand's stakeholders, i.e., all individuals and groups who have a stake in the success of the brand, including employees, investors, the community, media, business partners, and customers.

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Marketing and Messages

- **Marketing communication** (marcom) involves the use of a variety of tools and functions, such as advertising, public relations, sales promotion, direct response events and sponsorships, point of sale, digital media, and the communication aspects of packaging, as well as personal sales and new forms of online communication that are constantly being developed.

- On a more general level, **brand communication** includes all various marketing communication messages, as well as personal experiences, that create and maintain a coherent brand.

- The management challenge is to plan and monitor all of the messages delivered by all various types of marketing communication so that they work together to present the brand in a coherent and consistent way, as a coordinated basket of messages.

Who Are the Key Players?

- The marketing industry is a complex network of professionals. The four categories of key players include 1) marketers, 2) marketing partners, such as advertising and public relations agencies, 3) suppliers and vendors, and 4) distributors and retailers.

    1. The marketer is any company or organization behind the product, that is, the organization, company, or manufacturer producing the product and offering it for sale. To marketing communication partners, the company or firm behind the brand is referred to as the *client.*

    2. The relationship between marketers and their agencies can be a complicated one because of pressures to cut costs as well as changing strategies and technologies, particularly in the digital arena, as a *Wall Street Journal* article explained.

    3. The materials and ingredients used in producing the product or managing a nonprofit agency are obtained from other companies, referred to as *suppliers* or *vendors.* The phrase **supply chain** is used to refer to this complex network of suppliers whose product components and ingredients are sold to manufacturers.

The **distribution chain** or **distribution channel** refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyers. Suppliers and distributors are also partners in the communication process.

What Are the Most Common Types of Markets?

- The word **market** originally meant the place where the exchange between seller and buyer took place. Today, we speak of a market not only as a place but also as a particular type of buyer — for example, the youth market or the motorcycle market. The phrase **share of market** refers to the percentage of the total market in a product category that buys a particular brand.

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- As Figure 1.1 shows, the four main types of markets are 1) consumer, 2) business-to-business (or industrial), 3) institutional, and 4) channel markets. We can further divide each of these markets by size or geography.

    - ***Consumer markets*** (B2C) refers to businesses selling to consumers who buy goods and services for personal or household use. As a student, you are considered a member of the consumer market for companies that sell jeans, athletic shoes, sweatshirts, pizza, music, textbooks, backpacks, computers, education, checking accounts, bicycles, travel, and a multitude of other products.

    - ***Business-to-business markets*** consist of companies that buy products or services to use in their own businesses or in making other products. Advertising in this category tends to be heavier on factual content, but can also be beautifully designed. General Electric, for example, buys computers to use in billing and inventory control.

    - ***Institutional markets*** include a wide variety of nonprofit organizations, such as hospitals, government agencies, and museums. Ads for this category are very similar to B2B ads in that they are heavy on facts.

    - ***Channel markets*** include members of the distribution chain, which is made up of businesses that we call **resellers**. **Channel marketing**, the process of targeting a specific campaign to members of the distribution channel, is more important now that manufacturers consider their distributors to be partners in their marketing programs.

How Does the Marketing Mix Send Messages?

- Marketing managers construct the *marketing mix,* also called the four Ps, to accomplish marketing objectives. As shown in Figure 1.2, the marketing mix decisions are key elements of marketing strategy.

- To a marketing manager, marketing communication is just one part of the marketing mix, but to a marcom manager, all of these marketing mix elements also send messages that can sometimes contradict planned messages or even confuse consumers.

<u>Product</u>

- Design, performance, and quality are key elements of a product brand's success. When a product brand performs well, its performance sends a positive message that this brand is okay to repurchase or revisit. A positive brand experience also motivates the buyer to recommend the brand to others, extending the reach of the positive experience into personal communication, which we refer to as '*word of mouth.'*

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- Some brands are known for their design, which becomes a major **point of differentiation** from competitors. When this point of difference is of significant importance to customers, it also becomes a **competitive advantage**.

- *A product launch* for a new brand depends on announcements in the media, usually involving both publicity and advertising. The goals of the communication are to build awareness of the new brand, explain how this new product works, and how it differs from competitors. *Product performance – how it handles or is used - sends the loudest message about a product or brand and determines if it will be purchased again.*

- Related to product performance is product adaptation, particularly when innovation is driven by consumer needs.

Pricing

- The **price** a seller sets for his product sends a 'quality' or 'status' message. The price is based not only on the cost of making and marketing the product, but also on the seller's expected margin of profit, as well as the impact of the price on the brand image.

- Ultimately, the price of a product is based upon what the market will bear, the competition, the economic well-being of the consumer, the relative value of the product, and the consumer's ability to gauge the value, which is referred to as *price/value proposition*.

- Psychological pricing strategies use marketing communication to manipulate the customer's judgment of value. An example of this is *prestige pricing.* The meaning of price is often dependent on the context provided by marketing communication, which puts price into perspective.

- With the exception of price information delivered at the point of sale, marketing communication is often the primary vehicle for telling the consumer about price. The term **price copy**, which is the focus of much retail advertising, refers to advertising copy devoted primarily to price and its relation to value.

- *Promotional pricing* is used to communicate a dramatic or temporary price reduction through terms such as *sale, special*, and *today only.*

Place (Distribution)

- Distribution strategy provides mechanisms that make the product easily accessible to its customers and also handle the exchange of payment. Where and how the brand is made available also sends a message.

- A common distribution strategy involves the use of *intermediaries,* such as retailers.

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Direct marketing companies distribute their products directly to a consumer without the use of a reseller. The sale is totally dependent on the effectiveness of catalogs and direct-response marketing.

- A **push strategy** offers promotional incentives, such as discounts and money for advertising to retailers. Distribution success depends on the ability of these intermediaries to market the product, which they often do with their own advertising.

- In contrast, a **pull strategy** directs marketing communication efforts at the consumer and attempts to pull the product through the channel by intensifying consumer demand.

Other Factors in the Mix

- **Personal selling** relies upon face-to-face contact between the marketer and a prospective customer, rather than contact through the media. It is particularly important in B2B marketing and high-end retail. In contrast to most advertising, marketers use personal selling to create immediate sales to shoppers.

- Marketing communication supports sales programs to develop **leads**, the identification of potential customers or **prospects**. **Lead generation** is a common objective for trade promotion and advertising.

- **Customer service** refers to the help provided to a customer before, during, and after a purchase. It also refers to the company's willingness to provide such help. Many companies now provide more assistance to customers through online connections than through face-to-face.

What is the Added Value of Marcom?

- **Added value** refers to a strategy or activity that makes the product more useful or appealing to the consumer as well as distribution partners.

- Product, price, and place add the greatest amount of tangible value. Marketing communication adds psychological value by creating a brand that people remember, by delivering useful information, and by making a product appealing.

WHAT IS INTEGRATED MARKETING COMMUNICATION?

- **Integrated marketing communications (IMC)** is the practice of coordinating all messages from all marketing communication tools, as well as the messages from the marketing mix decisions. One important IMC goal is to send a consistent message about the brand.

- IMC is still evolving, and both professionals and professors are engaged in defining the field and explaining how it works. *Integration* is the key; it means every message is focused and that all messages work together, which creates *synergy*. When the pieces are effectively coordinated, the whole has more impact than the sum of its parts.

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- Marketing communication is at the center of brand communication and marketing planning. Those relationships are depicted in Figure 1.3. The problem arises when the marcom tools are not aligned with other marketing mix communication messages that deliver brand communication.

- One thing that makes the practice of IMC different from traditional advertising or public relations is its focus on branding and the totality of brand communication, including experiences. Through IMC that considers all possible brand messages, marketing communication managers are able to ensure that the perception of their brand is clear and sharp.

Why Focus on Brands?

- *Branding* is a management function that uses communication to create the intangible aspects of a brand that make it memorable and meaningful to the consumer. Effective marketing communication establishes the unique identity by which the brand engages hearts and minds.

- A **brand** can be defined as a perception, often imbued with emotion, that results from experiences with and information about a company, an organization, or a line of products. Other definitions include identity elements such as the brand name and the trademark, which stand for the brand. A brand is a complex bundle of feelings, promises, and experiences that lives in the heads and hearts of consumers and other stakeholders.

- All organizations with a name can be considered a brand. *Organization brands* may or may not be distinct from product brands. International branding expert Giep Franzen found that "organizations should be aware that simply by existing and interacting with others, an organization is branding itself. It's going to happen whether the process is managed or not." An organization cannot 'not' communicate.

Branding Differentiates Products and Organizations

- Branding also differentiates similar products from one another. Companies make products but they sell brands. A brand differentiates a product from its competitors and makes a promise to its customers.

- Product brands are not just goods for sale. They apply to services and nonprofit organizations as well.

How Does a Brand Acquire a Meaning?

- A brand is more than a name or logo. It is in fact a perception – an identification or impression that we assign to products we know and use. It is also defined as an integrated perception that is derived from experiences with and messages about the brand.

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- Meaning-making cues and images are what marketing communication delivers to brands. This *brand meaning* is the one thing a brand has that can't be copied. Competitors can make a similar product but it's difficult for them to make the same brand because brand meaning is built on a collection of personal experiences.

- A brand, then, is a perception loaded with emotions and feelings (intangible elements), as well as tangible elements, such as trademark or package design. Tangible features are things you can observe or touch, such as a product's design, size, shape, and performance. Intangibles include the product's perceived value, its brand image, positive and negative impressions and feelings, and experiences customers have with the brand.

How Does Brand Transformation Work?

- A basic principle of branding is that a brand communication transforms a product into something more meaningful than the product itself. **Brand transformation** creates the difference by enriching the brand meaning through symbolic brand cues. There are many elements in branding, but for our purposes, we will focus on four: identity, position and promise, image and personality, and reputation.

<u>Brand Identity</u>

- A critical function of branding is to create a separate **brand identity** for a product within a product category. Brand identity cues are generally the brand name and the symbol used as a logo. The choice of a brand name for new products is tested for memorability and relevance. The easier it is to recognize, the easier it will be to create awareness of the brand. Successful brand names have several characteristics:

    - **Distinctiveness**. A common name that is unrelated to a product category ensures there will be no similar names creating confusion, such as Apple Computers. It can also be provocative, such as Virgin Airlines.

    - **Association**. Subaru, for example, chose Outback as the name for its rugged SUV, hoping the name would evoke the adventure of the Australian wilderness.

    - **Benefit**. Some brand names relate to the brand promise, such as Slim-Fast for weight loss.

    - **Heritage**. Some brand names reflect their maker, such as H&R Block, Kellogg's, and Dr. Scholl's. The idea is that there is credibility in a product when makers are proud to put their names on it.

    - **Simplicity**. To make a brand name easier to recognize and remember, brand names are often short and easy to pronounce, such as Bic, Tide, and Nike. With global marketing on the rise, it is also important that names properly translate into other languages.

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- Brand identity cues are generally the brand name, but they can also be visual symbols. A number of elements contribute to the visual identity: logos, trademarks, characters, and other visual cues such as color and distinctive typefaces.

- While brand names are important, recognition is often based on a distinctive graphic. A **logo** is similar to a cattle brand, in that it stands for the product's source. A **trademark** is a legal symbol that indicates ownership. Trademarks are registered with the government and the company has exclusive use of it, as long as it is used for that product alone.

- Problems can arise when a brand name dominates a product category, such as Kleenex and Xerox. In such situations, the brand name becomes a substitute label for the category label. Some branded products lost the legal right to their names when they became generic category names.

- Some brands have anchored their identity in association with an iconic figure, such as the Pillsbury Doughboy, The Keebler Elves, and McDonald's Ronald McDonald. Also, sounds can be strong brand cues, such as Apple computer's start-up noise. The most common audio identity element, of course, is the jingle.

- We use the word *cues* in talking about branding because a brand name is essentially a reminder of a product or organization that is familiar: it brings to mind some information, an impression, or an experience. "A brand memory is about the future not the past – consumers buy future memories," according to the president of the Ameritest research firm.

Brand Position and Promise

- *Positioning* is a way to identify the location a product or brand occupies in the consumers' minds relative to its competitors. Related to brand position is **brand promise**. From a consumer viewpoint, the value of a brand lies in the promise it makes. The brand, through its communication, sets expectations for what a customer believes will happen when the product is used.

- ***Principle****: Brand communication sets expectations for what will happen when the product is used through the virtual contract of a brand promise.*

- Consistency is the backbone of that promise. The promise needs to be delivered at all points of contact with a brand. Furthermore, the brand must deliver on its promise. Many weak brands suffer from over-promising.

Brand Image and Personality

- **A brand image** is a mental picture or idea about a brand that contains visual associations, as well as emotions and past experiences with the brand. These associations and feelings result primarily from the content of advertising and other marketing communications.

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- Part of the image is **brand personality**, which humanizes an organization or a brand. It symbolizes personal qualities of people you many know, such as bold, fun, studious, geeky, daring, etc. Brands speak to us through their distinctive images and personalities.

Reputation and Integrity

- Integrity means that the brand stands for something, has a coherent presence, and has a brand reputation that honestly reflects the promise that the brand signals to stakeholders. Effective strategic communication programs deliver cohesive images and coordinated messages that lead to measurable brand integrity, as well as equity.

Brand Value and Equity

- **Brand value** comes in two forms – the value to a consumer and the value to the corporation. The first is a result of the experiences a customer has had with a brand. The second is a financial measure, which is called **brand equity**.

Consumer Brand Value

- On the customer side, the decision to buy or use a product or affiliate with an organization is made easier by the familiar face of a known brand. There is less risk in committing to a known brand, particularly if you have previous experience with it, you liked it, and it is well promoted.

- Another type of added value for a brand can come from associating the brand with a good cause, a practice called **cause marketing**. Customers feel good about themselves because they support a company or brand that is aligned with a good cause. The *A Principled Practice* feature in this chapter illustrates how cause marketing contributes to the value of a brand.

Brand Equity

- A brand and what it symbolizes can affect how much people are willing to pay for it. When identical products carry different labels, people will pay more for the recognizable brand. "The value added is in the brand – how it is imagined, presented, sold, and sustained," according to CNN's Fareed Zakaria.

- **Brand relationship** programs that lead to *loyalty* are important strategies and indicators of financial performance. **Brand loyalty** programs can also offer rewards for repeat business.

- *An important principle is that brand relationships drive brand value.*

- The part of brand equity that is based on relationships is referred to as **goodwill**. It lies in the accumulation of positive brand relationships, which can be measured as a level of personal attachment to the brand that has revenue-producing potential.

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- To summarize, **brand equity** is the intangible value of the brand based on the relationships with its stakeholders, the effectiveness of its identity elements, its reputation and perceived performance, and its intellectual property, such as product formulations.

- Google was the first $100 billion brand, and now there are many brands valued in the billions. The 2016 BrandZ Top 10 list by Millward Brown, a consulting firm that specializes in calculating the value of global brands, can be found in the textbook.

Leveraging Brand Equity

- Brand marketing and communication managers, who we call **brand stewards**, will sometimes leverage brand equity through a **brand extension**, which is the use of an established brand name on a related line of products. In effect, they will launch new products with a recognized and respected name. The disadvantage is that the extension may dilute the meaning of the brand or may even boomerang, if the extensive performance is not comparable to the original brand.

- **Co-branding** is a strategy that uses two brand names owned by two separate companies to create a partnership offering. An example is the brand name Mileage Plus, which carries the identities of both Visa and United Airlines. The idea is that the partnership provides customers with value from both brands.

- Through a practice called **brand licensing**, in effect, a partner company rents the brand name and transfers some of its brand equity to another product. The most common example comes from sports teams whose names and logos are licensed to makers of shirts, caps, mugs, and other memorabilia.

- Another way to leverage a brand is through **ingredient branding**, which refers to the use of a brand name to identify a component used in a product's manufacturing process. A well-known example of this is the "Intel Inside" phrase and logo used by computer manufacturers to call attention to the quality of chips within its products.

- The point of reviewing branding practices is to reinforce that the way a product is made or how it performs is no longer the primary differentiating point. Marketing strategy isn't as much about promoting features, but rather about creating brand meanings. Ultimately, the stronger the brand, the more value it has to all of its stakeholders.

- ***Principle:*** *Most of the added value that comes from an effective brand strategy and accumulates as brand equity is driven by marketing communication.*

Brand Communication in a Time of Change

Accountability

- Marketing managers are challenged by senior management to prove that their decisions lead to the most effective marketing strategies. Business results measured in terms of sales increases, the percentage share of the market that the brand holds, and **return on investment (ROI)**.

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Brand Relationship Strategies

- Relationship building communication programs have strategic implications because they shift marketing strategy away from focusing on one-time purchasing to emphasizing repeat purchases and the maintenance of long-term brand loyalty. All stakeholders are communicators who send either positive or negative messages about the brand. Therefore, it is important to plan for multi-audience interactions and encourage fans of a brand to talk to their friends.

Word-of-Mouth Marketing

- A powerful new force, word-of-mouth communication, is a partner to relationship programs. Comments from influential friends and family are more believable than most planned marketing communication messages, such as advertising, which is often seen by consumers as self-serving.

- The power and reach of personal communication has been driven in the 21st century by social media. Today, marketing messages are spread not only in face-to-face conversation but also online. If messages are quickly spread on the internet through a wide network of contacts, it is referred to as *viral marketing*. Brands can instigate the viral process but can't control it.

Global Marketing

- Marketers have moved into global markets. In most countries, markets are composed of local, regional, international, and global brands. A *local brand* is one marketed in a single country. A *regional brand* is one marketed throughout a region, such as North America, Europe, or Asia. An *international brand* is available in a number of countries in various parts of the world. A *global brand* is available virtually anywhere in the world, such as Coke.

- The communication strategy for international marketing depends in part upon whether the brand's messages are *standardized* across all markets or *localized* to accommodate cultural differences.

Convergence

- "Convergence of business models, convergence of digital, convergence of tools – everything is changing quite radically the way we do business," according to the CEO of Publicis, a global marcom agency. Consumers are empowered and engage in both sending and receiving messages. Media forms are blurred. Advertising, public relations, and other marcom areas are blurring their functions, as well as integrating their functions.

Diversity

- Marketing programs are becoming more complicated as they are challenged to be more socially inclusive. Gender, ethnicity, and sexual orientation are important issues.

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End-of-Chapter Support

REVIEW QUESTIONS

1-3. What is the difference between marketing communication and brand communication?

Marketing communication (marcom) involves the use of a variety of tools and functions, such as advertising, public relations, sales promotion, direct response events and sponsorships, point of sale, digital media, and the communication aspects of packaging, as well as personal sales and a number of new forms of online communication that have recently emerged. Marketing communication tools deliver a complex system of brand messages we refer to as brand communication – all various marketing communication messages and brand experiences that create and maintain a coherent brand.

1-4. What is the definition of marketing, and where does marketing communication fit within the operation of a marketing program?

Marketing is the way a product is designed, tested, produced, branded, packaged, priced, distributed, and promoted. The American Marketing Association (AMA) defines it as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." Marketing managers manipulate the marketing mix, also called the 4Ps, which refers to *product*, *price*, *promotion*, and *place*. A key component of marketing management is the building of successful brands.

Marketing communicators manage a multiplicity of interrelated activities and programs that work together with other elements of the marketing plan, for the purpose of building and sustaining a strong, viable brand. Without marketing communication, brand building would be extremely difficult. Conversely, when marketing communication efforts fit together perfectly with other elements of the marketing plan, brand meaning is generated and brand value is created.

1-5. Outline the general structure of the marketing industry and identify the key players.

The marketing industry is a complex network of professionals. The four categories of key players include 1) marketers, 2) marketing partners, such as advertising and public relations agencies, 3) suppliers and vendors, and 4) distributors and retailers.

The marketer is any company or organization behind the product, that is, the organization, company, or manufacturer producing the product and offering it for sale. To marketing communication partners, the company or firm behind the brand is referred to as the client. Most marketers work very closely with partners, such as advertising and public relations agencies. The relationship between marketers and their agencies can be a complicated one because of pressures to cut costs as well as changing strategies and technologies, particularly in the digital arena.

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The materials and ingredients used in producing the product or managing a nonprofit agency are obtained from other companies, referred to as *suppliers* or *vendors*. The phrase **supply chain** is used to refer to this complex network of suppliers whose product components and ingredients are sold to manufacturers.

The **distribution chain** or **distribution channel** refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyers. Suppliers and distributors are also partners in the communication process.

1-6. Explain how marketing communication relates to the four key marketing concepts and to the marketing mix.

The four key marketing concepts highlighted in this chapter are the marketing concept, exchange, competitive advantage, and added value. To adhere to the marketing concept, marketers must first determine through research consumer needs and wants. Typically, some form of marketing communication is used to collect consumer feedback so that marketers can develop products that respond to those consumer wants and needs that were identified. Marketing communication is required to teach consumers about a product's points of differentiation and competitive advantage. The creation of added value is the result of a marketing communication activity that presents the product as more valuable, useful, or appealing to a consumer. Prior to any economic exchange, a communication exchange must first occur. Also, some type of marketing communication is needed to bring the buyer and seller together, which creates the opportunity for customer-company interaction.

The marketing mix, also called the 4Ps, refers to product, pricing, place (distribution), and promotion strategies. The primary goal of marketing communication is to build awareness of the new brand, explain how a product works, and illustrate its superiority over competitors, thereby supporting product strategy. Advertising is often the primary vehicle for telling the consumer about price, and the meaning of price to the consumer is often dependent upon the context provided by the marketing communication, which puts the price in perspective. When using direct marketing as a distribution strategy, the sales generation is totally dependent upon the effectiveness of the marketing communications within the direct response appeal. Similarly, the effectiveness of push and pull strategies is dependent upon the effectiveness of marketing communication efforts directed toward the trade or the consumer. Promotion includes advertising, public relations, sales promotion, direct marketing, events and sponsorships, point of sale, digital media, the communication aspects of packaging, as well as personal sales and new forms of online and place-based communication that have emerged recently.

1-7. Define integrated marketing communication and explain what integration contributes to brand.

Integrated marketing communications (IMC) is the practice of coordinating all marketing communication messages as well as the messages from the marketing mix decisions. One of the important things that IMC does is send a consistent message about the brand.

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IMC is like a musical score that helps the various instruments play together. The song is the meaning of the brand. It is still evolving, and both professionals and professors are engaged in defining the field and explaining how it works.

Integration means every message is focused and works together, which creates *synergy*. When the pieces are effectively coordinated, the whole has more impact than the sum of its parts. A problem arises when the marcom tools are not aligned with other marketing mix communication messages that deliver brand communication. The point is that marketing communication is at the center of brand communication, and the effectiveness of the brand communication depends on how well all the pieces are integrated.

1-8. Explain how brand meaning and brand value are created and how they relate to brand equity.

Brand meaning evolves through the transformation of a product into something unique and distinctive and by making a promise that establishes customer expectations of the product. The impressions created by the brand's tangible and intangible features come together as a brand concept. Intangibles are very important because they create the emotional bonds people have with their favorite brands, are impossible for the competition to copy, and can lend monetary value and legal protection to the brand's unique identity. Brand identity, positioning, image, and personality are also important contributors to a brand's meaning.

Brand value comes in two forms – the value to a consumer and the value to the corporation. The first is a result of the experiences a customer has had with a brand. The second is a financial measure, which is called brand equity. How much a consumer is willing to pay for a brand is determined by what it symbolizes to them and their emotional connection with it. Hence effective branding, in addition to differentiating products, also increases their monetary value. Brand equity is the intangible value of the brand that stems from relationships with its stakeholders, as well as intellectual property, such as product formulations. When a company is sold, a figure is calculated to determine the value of its brands.

DISCUSSION QUESTIONS

1-9. Apple is one of the most recognized brands in the world. How did the company achieve this distinction? What has the company done in its marketing mix in terms of product, price, distribution, and marketing communication that has created such tremendous brand equity and loyalty? How have advertising and other forms of marketing communication aided in building the brand?

Below is a brief summary of key elements of Apple's marketing strategy, reflecting each of the 4Ps. Student responses to this question should reflect the key points discussed here.

Product Strategy: *Apple releases few but highly anticipated high-end products that reflect innovative technology and sleek design. Steve Jobs' strategy was to develop and sell brand new, innovative products which blended art and technology in order to provide*

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a simple and streamlined user experience. This strategy skyrocketed Apple to the forefront of the smart phone market, making Apple a force to be reckoned with beginning with their original release of the iPhone in 2007.

Promotion: *Apple has done a superior job of creating a brand personality and building an emotional connection with its customers through marketing communication. Apple's advertising has been instrumental in making Apple the iconic brand that it has become. In 1984, Apple created a commercial for the Macintosh that is now regarded as a watershed event in the history of the brand. In later years, Apple's advertisements established "traits" such as 'creative' (for example the "Think Different" campaign in late 1990s) and "intelligent" (for example, the "Get a Mac" campaign that told viewers why Macs were better than PCs). Today, Apple's advertisements try to highlight qualities such as "hip and cool."*

Apple's logo is an equally significant contributor to success of its brand communication campaign. Initially Apple was marketed as "Apple Computer Co.," with the imagery of Newton sitting under an apple tree. In 1976, this complex logo was replaced with a simpler but more colorful rainbow "bitten" apple logo. In 1998, the colors were sacrificed in favor of the monochrome logo that we now see on millions of iPods and iPhones. The current logo reflects the minimalist design philosophy that Apple has made its own.

Distribution Strategy: *In the late 1990s and early 2000s, Apple, like other consumer electronics companies, was dependent on big-box retailers to sell its products. While this strategy made sure that Apple products were widely available, it gave the company little control over point-of-sale customer experience as the retailers' staff was usually not trained in selling Apple products. To address this problem, Apple launched what it prefers to call as significant stores. These stores, with amazing architecture, are located in prime locations of major cities such as New York, London, Paris, Shanghai, etc. The sales staff that man these stores are trained not to sell. Instead they are asked to respond to customer queries and provide solutions to customers' problems. In these stores, you'll find "The Genius Bar," where specially trained staff offers one-on-one training to customers on how they can maximize their use of their Apple products.*

Pricing Strategy: *According to Forbes Magazine, Apple uses a "high price, high margin strategy." Some feel that the company's insistence on this strategy is limiting profit growth, since they clearly could sell more phones at a cheaper price. Clearly, this pricing strategy sends a message to consumers about the product's quality and status.*

Sources: http://www.saleschase.com/blog/2012/04/17/how-apples-branding-strategy-made-it-an-icon/#sthash.UXOEvy8f.dpuf by Dave Bui, Travlos, Darcy. "Apple: Product Commoditization?" *Forbes*. Forbes Magazine, 15 May 2012. Web. 15 Oct. 2012. http://www.forbes.com/sites/darcytravlos/2012/05/15/apple-product-commoditization. "The Cost of Apple's High Price, High Margin Strategy", printed in Forbes Magazine website. May 6, 2013, Apple's Innovative Distribution Strategy Revealed," written by Dave Bui, April 9, 2012.

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1-10. When identical products carry different labels, people will pay more for the recognized brand. Explain why that is so.

Because it is brand relationships that drive brand value, how much a consumer is willing to pay for a brand is determined by what it symbolizes to them and their emotional connection with it. This is especially true for parity products, products with few distinguishing features. For these products, impressions created by the brand's tangible and intangible features, as well as feelings and emotional attachment to the brand, can become a critical point of difference.

1-11. List your favorite brands and from that list do the following analyses:

a. Think about the categories where it is important to you to buy your favorite brand. For which categories does the brand not make a difference? Why is that so?

While student responses will vary, product categories in which branding and associated brand meaning play a major role include soft drinks, face soap, toothpaste, children's toys, athletic shoes, breakfast cereals, etc. It is challenging to think of consumer product categories in which manufacturer branding does not play a role. A couple of examples may be household hardware products such as screws and nails, and some desk supplies, such as paper clips and rubber bands.

b. In those categories where you have a favorite brand, what does that brand represent to you? Is it something that you've used and liked? Is it comfortable familiarity – you know it will be the same every time? Is it a promise – if you use this, something good will happen? Is it something you have always dreamed about owning? Why are you loyal to this brand?

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TAKE-HOME PROJECTS

1-12. Portfolio Project: Look through the ads in this textbook or in other publications and find an example of an advertisement that you think adds value to a brand and another ad that you think does not effectively make the brand valuable to consumers. Compare the two and explain why you evaluated them as you did. Copy both ads and mount them and your analysis in your portfolio.

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Added value refers to a strategy that makes the product more useful or appealing to the consumer, as well as distribution partners. Added value is the reason consumers are willing to pay more for one brand over its competition. Advertising and other marketing communication not only showcase the product's value but also may add value by making the product appear more desirable. This concept should be reflected in (or missing from) ads reflected selected by students.

1-13. Mini-Case Analysis: Explain how New Pig's marketing communication helps support and build the brand image. In what ways do the other elements of the marketing mix communicate messages about the New Pig brand?

New Pig's integrated marketing communication strategy used a variety of promotional tools to send a singular, unified message to its customers about its brand. This company's marketing communication strategy added tremendous value by transforming a product that many would consider boring into a brand that was interesting, appealing, and easy to remember. Customers responded enthusiastically to the quirky 'pig personality' attached to the brand and came to expect a certain amount of fun when dealing with the company. A highly creative approach was used to create a brand image that made the product line unforgettable.

New Pig's marketing communication strategy readily differientated the brand from its competitors, while also creating a meaning for the brand that would be almost impossible for others to copy. Because customers had so much fun with the name and remembered it so easily, it's reasonable to assume that distributors did also, thereby providing a bit of extra motivation to them to push the brand through its distribution channel. Also, the interpretation of the brand's pricing is often put into perspective by consumer perceptions formed from marketing communication, thereby contributing to the consumer's acceptance of the price/value proposition that the company is offering.

TRACE NORTH AMERICA CASE

Multicultural Millennials

Read the Trace case in the Appendix before coming to class.

1-14. What aspects of the marketing mix are relevant to a campaign to Multicultural Millennials (ages 18 – 29)?

1-15. Why do you think TRACE would want a campaign directed to Multicultural Millennials?

1-16. Prepare a one-page statement explaining how the "*Hard to Explain, Easy to Experience*" campaign will actually help TRACE sales among Multicultural Millennials.

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◆*ADDITIONAL MATERIAL*

ASSIGNMENTS

Individual Assignments

1. Have students select one of their favorite brands. It can be either a product or a service. Then have them consider what sort of image the brand carries in their minds. How did this image come about, and what was the role of advertising in creating it? Students should share their answers with the class in 2- to 3-minute presentations. To enhance their presentations, students can also pull up their organization's website to show the class.

2. Have students identify a brand communication campaign that is designed to appeal to each of the four markets identified in Figure 1.1 of the textbook. Compare and contrast the marketing mix of each to identify strategic similarities and differences. How does each attempt to communicate a point of differentiation and/or competitive advantage? Students should share their findings with the class in 8- to 10-minute presentations. To enhance their presentations, students can also provide brand communication images to show the class.

Think-Pair-Share

1. Have students pair off to interview each other regarding a negative experience they can recall with a specific brand of product or service. Draw upon the principles of IMC in this chapter to attempt to determine what went wrong. How did it happen? What contradictory brand messages were conveyed? Was a brand promise violated? What was the result of this breakdown – did the student remain as a customer with the company, or was the brand relationship severed? Once the interviews are complete, each student should draft a brief report outlining their findings.

2. Many marketers have moved into global markets. The communication strategy for global marketing depends in part upon on whether the brand's messages are standardized across all markets or localized to accommodate cultural differences. Have students pair off, with one student locating two examples of brands using a standardized strategy and the other student locating two examples of brands using a localized strategy. As a team, ask the pair to jointly prepare a 10-minute presentation for the class explaining which strategy was used by the four companies they identified and why it was deemed most appropriate.

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OUTSIDE EXAMPLES

1. Choose a small business or non-profit organization in your community to visit. Gather as many samples of their marketing efforts as possible and analyze them carefully. Examples could possibly include brochures, print advertisements, direct response communication, or a website. Then, present a 10-minute “samples analysis” to your class, commenting on the samples’ strengths, weaknesses, continuity, and brand messages from a marketing standpoint. Offer suggestions for improvement, if appropriate.

2. Explore marketing fundamentals by conducting research to learn about a recent new product launch. Describe this new product’s target audience, as well as each of the four components of its marketing mix. What is the consumer need it is intended to fill and what is its competitive advantage? Prepare a discussion for your class that highlights the new product’s overall marketing strategy and highlights the value added by its marcom strategy.

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