Chapter 2
Integrated Brand Communication

◆*CHAPTER CONTENT*

CHAPTER KEY POINTS

1. What is the difference between marketing communication and brand communication?
2. How is marketing the marketing mix related to marketing communication?
3. What is integrated marketing communication?
4. How does marketing communication contribute to the development of a brand?
5. What current trends affect marking and brand communication?

CHAPTER OVERVIEW

This chapter opens by providing a definition of both marketing communication and brand communication, and then discussing brand communication's role in marketing. The marketing mix is discussed, along with other basic principles of strategic market planning, such differentiation, competitive advantage, push strategy, pull strategy and added value. Next, integrated marketing communications (IMC) is defined, and then the role of communication in branding is explained. In this section, the various elements of branding strategy are explored, including brand meaning, brand transformation, brand position, and brand promise. An emphasis on the role of effective communication in building strong, viable brands is woven throughout this discussion, and also the importance of monitoring all brand communication tools to ensure a singular, unified message is reinforced. 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.
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CHAPTER OUTLINE

WHAT IS BRAND AND MARKETING 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.

- They 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.

- ***Principle***: The challenge is to manage all of the messages delivered by all aspects of marketing communication so that they work together to present the brand in a coherent and consistent way.

BRAND COMMUNICATION'S ROLE IN MARKETING

- Marketing is designed to build brand and customer relationships that generate sales and profits or, in the case of nonprofits, memberships, volunteers and donations. Traditionally, the goal of most marketing programs has been to sell products, defined as *goods, services, or ideas*. This is accomplished by matching a product's availability and the company's production capabilities to the consumer's need, desire, or demand for the product.

- 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.

- 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, business partners and customers.

<u>Who Are the Key Players?</u>
The marketing industry is a complex network of professionals. The four categories of key players include 1) marketers, 2) suppliers and vendors, 3) distributors and retailers, and 4) marketing partners, such as advertising agencies.

- The **marketer**, also referred to as the advertiser or the client, is any company or organization behind the product, that is, the organization, company, or manufacturer producing the product and offering it for sale.

- The materials and ingredients used in producing the product 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.

- Marketing relationships also involve cooperative programs and alliances between two companies that work together as *marketing partners* to create products and promotions.

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.

- As Figure 2.1 shows, the four main types of markets are 1) consumer, 2) business-to-business (or industrial), 3) institutional, and 4) channel. 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 vacations, along with a multitude of other products that you buy at drug and grocery stores, which the marketing industry refers to as **packaged goods.** In Europe, these are called **fast-moving consumer goods.**

  - ***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. The *Day in the Life* feature in this chapter describes the job of a marketing and communication manager who works on the client side in the B2B organization.

  - ***Institutional markets*** include a wide variety of profit and nonprofit organizations, such as hospitals, government agencies, and schools that provide goods and services for the benefit of society. Ads for this category are very similar to B2B in that they are heavy on copy and light on visuals and emotional appeals.

  - ***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. As giant retailers, particularly Wal-Mart, become more powerful, they can dictate to manufacturers what products their customers want to buy and how much they are willing to pay for them.

- The consumer market is only one of four types of markets. The other three are reached through professional and trade advertising.

- Most marketing communication dollars are spent on consumers markets, although B2B advertising is becoming almost as important. Firms usually reach consumer markets through mass media and other marketing communication tools. They typically reach the other three markets – industrial, institutional, and channel or reseller – through trade and professional advertising in specialized media.

How Does the Marketing Mix Send Messages?

- Marketing managers construct the *marketing mix,* also called the four Ps, to accomplish marketing objectives. These 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.

- ***Principle:*** *Every part of the marketing mix – not just marketing communication – sends a message.*

Product:

- The focus of the four Ps is the product (goods, services, ideas). Design, performance and quality are key elements of a product brand's success. When a product brand performs well, this sends a positive message that this brand is okay to repurchase. 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.'

- 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.

- ***Principle****: Product performance sends the loudest message about a product or brand and determines if it will be purchased again.*

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.

- ***Principle****: The treatment of the price in marketing communication cues a meaning that puts the price/value proposition in perspective.*

- Advertising is often the primary vehicle for telling the consumer about price. The term p**rice copy,** which is the focus of much retail advertising, refers to advertising copy devoted primarily to this type of information.

- Recession, fast-food chains, as well as Wal-Mart and discount and dollar stores, depend on *value pricing strategy*. *Promotional pricing* is used to communicate a dramatic or temporary price reduction through terms such as *sale, special and today only*.

Place (Distribution)

- Distribution includes the channels used to make the product easily accessible to its customers. There are many routes to distribution and marketing managers consider a variety of channels when developing distribution strategies. A common distribution strategy involves the use of *intermediaries,* such as retailers.

- **Direct marketing** companies distribute their products directly to a consumer without the use of a reseller. "Clicks or bricks" is a phrase used to describe whether a product is sold online or in a traditional store.

- 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. Marketers use personal selling to create immediate sales to shoppers.

- Marketing communication works as partner with 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 face-to-face.

Added Value

- **Added value** refers to a strategy or activity 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.

WHY INTEGRATED MARKETING COMMUNICATIONS?

- **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.

- ***Principle:*** *IMC is like a musical score that helps the various instruments play together. The song is the meaning of the brand.*

- IMC is still evolving, and both professionals and professors are engaged in defining the field and explain 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.

- The 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.

WHAT IS THE ROLE OF COMMUNICATION IN BRANDING?

- A brand is more than a product. Responsibility for developing and maintaining a successful brand lies with the marketing or corporate function called **brand management. Branding** is a communication function that creates the intangible aspects of a brand that make it memorable and meaningful to the consumer.

- A **brand** can be defined as a perception, often imbued with emotion that results from experiences with and information about a company or a line of products.

Other definitions point to a mixture of tangible and intangible attributes as well as the identity elements that stand for the brand. Wendy Zomnir, creative director and founding partner at Urban Decay Cosmetics discusses her experiences in brand building in *The Inside Story* featured in this chapter.

- 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.

- All organizations with a name can be considered brands, and that includes organization brands, which are distinct from product brands.

- ***Principle:*** *An organization cannot 'not' communicate. People create brand impressions whether or not the branding process is managed by the organization.*

- Giep Franzen and his team of researchers identified three components of brand perception for organizations: organization identity, brand framework, and consumer/customer/stakeholder characteristics.

- One thing that makes the practice of IMC different from traditional advertising is its focus on branding and the totality of brand communication. 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.

How Does a Brand Acquire a Meaning?

- ***Principle****: A brand is an integrated perception derived from personal experiences with and messages about the brand.*

<u>A Brand is a Perception</u>

- A brand, then, is basically a perception loaded with emotions and feelings (intangible elements), not just a trademark or package design (tangible elements). 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.

- All impressions created by the brand's tangible and intangible features come together as a **brand concept.** Such impressions are particularly important for **parity products**, products with few distinguishing features. For these products, feelings about the brand can become a *critical* point of difference.

- The meaning of a brand is an aggregation of everything a customer sees hears, reads or experiences about an organization or a product brand. This meaning however, cannot be totally controlled by management.

Branding Transforms Products

- 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.

- ***Principle:*** *A brand transforms products into something more meaningful than the product itself.*

- The development of the Ivory Soap brand by Procter and Gamble in 1879 represented a major advance in branding because of the way it transformed a parity product into a meaningful brand concept. You can read about this in the *A Matter of Principle* feature found in this chapter.

How Does Brand Transformation Work?

Brand Identity

- 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.

- ***Principle***: *If a branding strategy is successful, consumers refer to a specific brand name, rather than a generic category*.

- The choice of a brand name for new products is tested for memorability and relevance. The easier it is to recognize the identity cues, 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.

- 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.

<u>Brand Position and Promise</u>

- **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.** The value of a brand lies in the promise 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 not just by the advertising but at all points of contact with a brand. Many weak brands suffer from over-promising. Successfully identifying and then delivering the promise are part of the platform for building a long-term brand relationship with customers.

<u>Brand Image and Personality</u>

- **A brand image** is a mental picture or idea about a brand that contains associations, as well as emotions. These associations and feelings result primarily from the content of advertising and other marketing communications. Exhibit 2.21 illustrates how Celestial Seasonings uses its distinctive packaging to send messages to consumers about its brand image.

- **A brand personality** humanizes an organization or a brand. It symbolizes personal qualities of people you many know, such as bold, fun, studious, geeky, daring, etc. Each brand sends a different message because of the image or personality it projects through its marketing communication.

- ***Principle:*** *Brands speak to us through their distinctive images and personalities.*

Brand Value and Equity

- Another type of added value for a brand can come from associating the brand with a good cause, a practice called **cause marketing.** A spike in cause-related work is occurring as marketers increasingly strive for their brands to be 'purpose-driven' and demonstrate their commitment to social responsibility. The *A Principled Practice* feature in this chapter illustrates how cause marketing contributes to the value of a brand.

- Brands are also valued by the financial community. Branding not only differentiates products, but also increases their value. A brand and what it symbolizes can affect how much people are willing to pay for it.

<u>Brand Value</u>

- The value of branding lies in the power of familiarity and trust to win and maintain consumer acceptance. If a well known brand name has been tested over time, it is familiar and dependable, plus it carries the associations created through the marketing communication.

- **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.**

- **Brand relationship** programs that lead to *loyalty* are important strategies, since powerful brands are those that retain customers who repeatedly buy the product or service. **Brand loyalty** programs offer rewards for repeat business.

- **Brand equity** is the intangible value of the brand based on the 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.

- ***Principle:*** *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.

<u>Leveraging Brand Equity</u>

- People who manage brand marketing and communication, who we call **brand stewards**, will sometimes leverage brand equity through a **brand extension**, which is the labeling of a new, related line of products with an established brand name. Because the brand name is known, it carries with it associations and feelings, as well as a certain level of consumer trust. The disadvantage is that the extension may dilute the meaning of the brand or may even boomerang negatively.

- **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 sport 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. Ultimately, the stronger the brand, the more value it has to all of its stakeholders. Understanding how brands are built and managed requires an understanding of relationship-building communication.

- ***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

Brand Relationships

- Relationship building communication programs are used to build strong relationships between loyal customers and the brands they purchase and repurchase. This kind of focus shifts the marketing strategy from focusing on one time purchases to also include repeat purchases and the maintenance of long term brand loyalty.

Accountability

- Marketing managers are being challenged by senior management to prove that their decisions lead to the most effective marketing strategies. They are under pressure to deliver business results measured in terms of sales increases, increase in market share percentages, and corporate **return on investment (ROI)**.

Global Marketing

- The growth in global marketing activities is increasing dramatically. 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 Coca-Cola.

- International marketing and marketing communication is not the exclusive province of large companies. The choice of an agency for international marketing depends, in part, on whether the brand's messages are standardized across all markets or localized.

Word-of-Mouth Marketing

- A powerful new force, word-of-mouth communication, has emerged because of its inherent persuasiveness. The goal is to get the right people talking about the brand and having them say things in support of the brand strategy.

- Word-of-mouth communication is also called buzz, which means people are talking about a brand. Buzz may be the most important factor in consumer decision making because the recommendations of others are so highly persuasive. Some marketing plans are specifically designed to generate excited talk about something new, particularly if the strategies can reach influential people whose opinions are valued by others.

- The power and reach of personal communication has been driven in the 21st century by social media. Some marketing messages are spread not only in face-to-face conversation but also online. When messages are quickly spread on the Internet through a wide network of contacts, it is referred to as *viral marketing.*

<u>End-of-Chapter Support</u>

Review Questions

2-4. 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.

2-5. 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.

2-6. In general, outline the 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) suppliers and vendors, 3) distributors and retailers, and 4) marketing partners, such as advertising agencies. The marketer, also referred to as the advertiser or the client, is any company or organization behind the product, that is, the organization, company, or manufacturer producing the product and offering it for sale. The materials and ingredients used in producing the product 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. Marketing relationships also involve cooperative programs and alliances between two companies that work together as *marketing partners* to create products and promotions.

2-7. 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 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.

2-8. 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. 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 explain 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.

2-9. 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

2-10. 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 communicated 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 of which blended art and technology in order to provide 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.

2-11. 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.

2-12. 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 plays 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 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?

While student responses will vary, product categories in which branding and associated brand meaning plays 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 paper clips and rubber bands.

TAKE HOME PROJECTS

2-13. 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.

Added value refers to a strategy or activity 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.

2-14. Mini-Case Analysis: In the "I'm Lovin' It" campaign, McDonalds needed a theme that was wide enough and broad enough to speak to all of its various audiences both in the United States and around the world. This is a classic brand building campaign. Go online and read what you can about the effectiveness of this effort. What are its strong points? Are there any points of criticisms? Consider the components of a brand described in this chapter and analyze. How do you think this campaign should be continued, or is it time to update or change the message? Develop a one-page proposal for next year, including your analysis that supports your ideas.

"I'm Lovin' It" was launched in the fall of 2003 under the direction of Larry Light. It is now the company's most successful and longest-running campaign, surpassing the iconic "You deserve a break today," and "Food, Folks and Fun," both in longevity and sales gains. After more than a year of consumer research and agency brainstorming under the direction of CMO Mary Dillon, who took over McDonald's global marketing in 2005, an updated take on its iconic, 7-year-old "I'm Lovin' It" campaign was unveiled in April 2010.

"We're making sure that we build both brand equity and drive sales with every piece of advertising," according to Ms. Dillon. According to her, strengths of this campaign include increased authenticity, increased saturation in consumer insights and emotion, and "a framework that gives us a consistent point of view about our brand." It celebrates those uniquely McDonald's moments, and is also funnier, more emotional and better grounded in a storyline, while communicating key points such as family bonding, and fun with food. Its objectives of unifying the brand globally and creating a contemporary image, while also increasing sales, were obtained.

The company has come under fire from critics who say its food plays a role in the nation's obesity problem. In response, the "I'm Lovin' It" marketing campaign was modified in March 2005 to promote physical activity as part of a balanced life. The theme was: "It's what I eat and what I do ... I'm lovin' it." McDonald's said the new campaign was not a response to criticism, but instead an attempt to keep up with customers' concerns about health.

Student opinions will vary concerning if this campaign should be updated, changed, or whether it should be continued at all.

TRACE NORTH AMERICA CASE

Multicultural Millenials

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

2-15. What aspects of the marketing mix are relevant to a campaign to Multicultural Millennials?

2-16. Why do you think TRACE would want a campaign directed to Multicultural Millennials?

2-17. Prepare a one page statement explaining how the "*Hard to Explain, Easy to*

Experience" campaign will actually help TRACE sales among Multicultural Millennials.

◆*ADDITIONAL MATERIAL*

WEB REVIEW QUESTIONS

1. Who are the key players in the world brand communication?

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

The marketer, also referred to as the advertiser or the client, is any company or organization behind the product, that is, the organization, company, or manufacturer producing the product and offering it for sale. The materials and ingredients used in producing the product 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. Marketing relationships also involve cooperative programs and alliances between two companies that work together as *marketing partners* to create products and promotions.

2. Select one of the four main types of markets and explain how it works.

Answers will vary. Here are several possibilities:

Consumer Markets: *Consumer markets* consist of people who buy products 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 vacations, along with a multitude of other products that you buy at drug and grocery stores, which the marketing industry refers to as *package goods.*

Business-to-Business (Industrial) Markets: *Business-to-business (B2B) markets* consist of companies that buy products or services to use in their own businesses or in making other products. Ads in this category usually are heavier on factual content than on emotional appeals.

Institutional Markets: Institutional markets include a wide variety of profit and nonprofit organizations — such as hospitals, government agencies, and schools —that provide goods and services for the benefit of society. Ads for this category are very similar to business-to-business ads in that they are heavy on copy and light on visuals and emotional appeals.

Channel Markets: The channel market is made up of members of the distribution chain, which is made up of businesses that we call resellers, or intermediaries. Resellers are wholesalers, retailers, and distributors who buy finished or semi- finished products and resell them for a profit. Microsoft and its retailers are part of the reseller market. Companies that sell such products and services as trucks, cartons, and transportation services (airlines, cruise ships, and rental car agencies) consider resellers their market. *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. As giant retailers, particularly Wal-Mart, become more powerful, they can even dictate to manufacturers what products their customers want to buy and how much they are willing to pay for them.

3. **What is the distribution chain or channel? Explain its role in marketing.**

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. These resellers, or intermediaries, are needed to make the product easily accessible to its customers. They may actually take ownership of the product and participate in the marketing of it. Channel members often play a role in brand communication, especially when the marketer has employed a push strategy.

There are many routes to distribution and marketing managers consider a variety of channels when developing distribution strategies. Direct marketing companies distribute their products directly to a consumer without the use of a reseller. “Clicks or bricks” is a phrase used to describe whether a product is sold online or in a traditional store.

4. **What is a brand, how is it defined, and who is responsible for building brands?**

   A brand is more than a product. Branding is a communication function that creates the intangible aspects of a product, thereby making it memorable and meaningful to the consumer. All organizations with a name can be considered brands, and that includes organization brands, which are distinct from product brands.

   A brand can be defined as a perception, often imbued with emotion that results from experiences with and information about a company or a line of products. Other definitions point to a mixture of tangible and intangible attributes as well as the identity elements that stand for the brand.

   Branding also differentiates similar products from one another. Companies make products but they sell brands. In addition to differentiating a product from its competitors, they also make a promise to its customers. Responsibility for developing and maintain a successful brand lies with the marketing or corporate function called brand management.

5. What is meant by brand transformation and how does it work?

A basic principle of branding is that a brand communication transforms a product into something more meaningful than the product. Brand transformation creates this difference by enriching brand meaning. Brand meanings are more complex than impressions because of what they symbolize.

To transform a brand, first a separate identity must be created for it within is product category. Important brand identity cues are the brand name and the brand logo. Also establishment of a brand position, promise, image and personality play a critical role in the transformation process.

6. What is word-of-mouth communication and why has it become such a powerful force in the world of brand communication?

Word-of-mouth communication, also called buzz, means people are talking about a brand. Its goal is to get the right people talking about the brand and having them say things in support of the brand strategy.

Word-of-mouth communication has emerged as a powerful new force not only because of its inherent persuasiveness, but because it is frequently powered by social media. This means that these days, many word-of-mouth marketing messages are spread not only in face-to-face conversation, but also online. When a message quickly spreads on the Internet through a wide network of contacts, the phenomenon is referred to as *viral marketing.*

Because the recommendations of others are so highly persuasive, and it is now often coupled with social media, word-of-mouth communication has been elevated to a new status in the world of brand communication. Some marketing plans are specifically designed to generate excited talk about something new, particularly if the strategies can reach influential people whose opinions are valued by others.

7. What is the "accountability" trend in the marketing industry? Why has it become important?

Marketing managers are being challenged by senior management to prove that their decisions lead to the most effective marketing strategies. They are under pressure to deliver business results measured in terms of sales increases, the percentage share of the market the brand holds, and corporate return on investment (ROI).

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 to 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. Ask each student to interview the owner or manager of a local small business to find out how he or she competitively markets against larger, nationally based competitors. How must this business market its products or services differently than the "big boys"? A review of "The Marketing Plan" section of this chapter is useful here. Each student should write a 500-word report detailing their findings.

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. Drawing upon the principles of Integrated Marketing Communications in this chapter, determine what went wrong. How did it happen? What contradictory brand messages were conveyed? What was the result of this breakdown in communication? 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. Have students get together and recall a marketing campaign that incorporated a form of digital media or personal media into its marketing communication efforts. What was the product or service, and what was especially unique about the marketing strategy? How well did it seem to work?

OUTSIDE EXAMPLES

1. Go online. Using any search engine you like, enter the term "Integrated Marketing Communications." Locate an agency or organization that explains this concept particularly well. Draft a 750-word report explaining what you have learned. Be sure to contrast it with what you read on this subject in Chapter 2.

2. Choose a company or organization in your community to visit. Gather as many samples of their five marketing efforts as possible and analyze them carefully. Examples could include product brochures, print advertisements, DVDs, direct mail correspondence, 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.