GLOBAL EDITION

Strategic Brand Management

Building, Measuring, and Managing Brand Equity

FOURTH EDITION

Kevin Lane Keller

ALWAYS LEARNING

PEARSON

BMW

When BMW first made a strong competitive push into the U.S. market in the early 1980s, it positioned the brand as being the only automobile that offered both luxury *and* performance. At that time, U.S. luxury cars like Cadillac were seen by many as lacking performance, and U.S. performance cars like the Chevy Corvette were seen as lacking luxury. By relying on the design of its cars, its German heritage, and other aspects of a well-designed marketing program, BMW was able to simultaneously achieve (1) a point-of-difference on performance and a point-of-parity on luxury with respect to luxury cars and (2) a point-of-difference on luxury and a point-of-parity on performance with respect to performance cars. The clever slogan, "The Ultimate Driving Machine," effectively captured the newly created umbrella category—luxury performance cars.

BMW's "Ultimate Driving Machine" slogan nicely captures the brand's dual features of luxury and performance.

Source: BMW AG

While a straddle positioning often is attractive as a means of reconciling potentially conflicting consumer goals and creating a "best-of-both-worlds" solution, it also carries an extra burden. If the points-of-parity and points-of-difference with respect to both categories are not credible, consumers may not view the brand as a legitimate player in *either* category. Many early PDAs that unsuccessfully tried to straddle categories ranging from pagers to laptop computers provide a vivid illustration of this risk.

Updating Positioning over Time

The previous section described some positioning guidelines that are especially useful for launching a new brand. With an established brand, an important question is how often to update its positioning. As a general rule, positioning should be fundamentally changed very infrequently, and only when circumstances significantly reduce the effectiveness of existing POPs and PODs.

Positioning, however, will evolve over time to better reflect market opportunities or challenges. A point-of-difference or point-of-parity may be refined, added, or dropped as situations dictate. One common market opportunity that often arises is the need to deepen the meaning of the brand to permit further expansion—***laddering***. One common market challenge is how to respond to competitive actions that threaten an existing positioning—***reacting***. We consider the positioning implications of each in turn.

Laddering. Although identifying PODs to dominate competition on benefits that are important to consumers provides a sound way to build an initial position, once the target market attains a basic understanding of how the brand relates to alternatives in the same category, it may be necessary to deepen the meanings associated with the brand positioning. It is often useful to explore underlying consumer motivations in a product category to uncover the relevant associations. For example, Maslow's hierarchy maintains that consumers have different priorities and levels of needs.[54]

From lowest to highest priority, they are as follows:

1. Physiological needs (food, water, air, shelter, sex)
2. Safety and security needs (protection, order, stability)
3. Social needs (affection, friendship, belonging)
4. Ego needs (prestige, status, self-respect)
5. Self-actualization (self-fulfillment)

According to Maslow, higher-level needs become relevant once lower-level needs have been satisfied.

Marketers have also recognized the importance of higher-level needs. For example, ***means-end chains*** have been devised as a way of understanding higher-level meanings of brand characteristics. A means-end chain takes the following structure: attributes (descriptive features that characterize a product) lead to benefits (the personal value and meaning attached to product attributes), which, in turn, lead to values (stable and enduring personal goals or motivations).[55]

In other words, a consumer chooses a product that delivers an attribute (A) that provides benefits or has certain consequences (B/C) that satisfy values (V). For example, in a study of salty snacks, one respondent noted that a flavored chip (A) with a strong taste (A) would mean that she would eat less (B/C), not get fat (B/C), and have a better figure (B/C), all of which would enhance her self-esteem (V).

Laddering thus progresses from attributes to benefits to more abstract values or motivations. In effect, laddering repeatedly asks what the implication of an attribute or benefit is for the consumer. Failure to move up the ladder may reduce the strategic alternatives available to a brand.[56] For example, P&G introduced low-sudsing Dash detergent to attract consumers who used front-loading washing machines. Many years of advertising Dash in this manner made this position impenetrable by other brands. Dash was so associated with front-loaders, however, that when this type of machine went out of fashion, so did Dash, despite the fact that it was among P&G's most effective detergents, and despite significant efforts to reposition the brand.

Some attributes and benefits may lend themselves to laddering more easily than others. For example, the Betty Crocker brand appears on a number of different baking products and is characterized by the physical warmth associated with baking. Such an association makes it relatively easy to talk about emotional warmth and the joy of baking or the good feelings that might arise from baking for others across a wide range of baking-related products.

Thus, some of the strongest brands deepen their points-of-difference to create benefit and value associations, for example, Volvo and Michelin (safety and peace of mind), Intel (performance and compatibility), Marlboro (western imagery), Coke (Americana and refreshment), Disney (fun, magic, family entertainment), Nike (innovative products and peak athletic performance), and BMW (styling and driving performance).

As a brand becomes associated with more and more products and moves up the product hierarchy, the brand's meaning will become more abstract. At the same time, it is important that the proper category membership and POPs and PODs exist in the minds of consumers for any particular products sold under the brand name, as discussed in Chapter 11.

Reacting. Competitive actions are often directed at eliminating points-of-difference to make them points-of-parity or to strengthen or establish new points-of-difference. Often competitive advantages exist for only a short period of time before competitors attempt to match them. For example, when Goodyear introduced RunOnFlat tires (which allowed tires to keep going for up to 50 miles at a speed of 55 mph after a tire puncture or blowout), Michelin quickly responded with the Zero Pressure tire, which offered the same consumer benefit.

When a competitor challenges an existing POD or attempts to overcome a POP, there are essentially three main options for the target brand—from no reaction to moderate to significant reactions.

- *Do nothing.* If the competitive actions seem unlikely to recapture a POD or create a new POD, then the best reaction is probably to just stay the course and continue brand-building efforts.
- *Go on the defensive.* If the competitive actions appear to have the potential to disrupt the market some, then it may be necessary to take a defensive stance. One way to defend the positioning is to add some reassurance in the product or advertising to strengthen POPs and PODs.
- *Go on the offensive.* If the competitive actions seem potentially quite damaging, then it might be necessary to take a more aggressive stance and reposition the brand to address the threat. One approach might be to launch a product extension or ad campaign that fundamentally changes the meaning of the brand.

A brand audit can help marketers assess the severity of the competitive threat and the appropriate competitive stance, as described in Chapter 8.

Developing a Good Positioning

A few final comments are useful to help guide positioning efforts. First, a good positioning has a "foot in the present" and a "foot in the future." It needs to be somewhat aspirational so that the brand has room to grow and improve. Positioning on the basis of the current state of the market is not forward-looking enough; but, at the same time, the positioning cannot be so removed from the current reality that it is essentially unobtainable. The real trick in positioning is to strike just the right balance between what the brand is and what it could be.

Second, a good positioning is careful to identify all relevant points-of-parity. Too often marketers overlook or ignore crucial areas where the brand is potentially disadvantaged to concentrate on areas of strength. Both are obviously necessary as points-of-difference will not matter without the requisite points-of-parity. One good way to uncover key competitive points-of-parity is to role play competitor's positioning and infer their intended points-of-difference. Competitor's PODs will, in turn, become the brand's POPs. Consumer research into the trade-offs in decision-making that exist in the minds of consumers can also be informative.

Third, a good positioning should reflect a consumer point of view in terms of the benefits that consumers derive from the brand. It is not enough to advertise that you are the "biggest selling gasoline in the world"—as Shell Oil did once. An effective POD should make clear *why* that it so desirable to consumers. In other words, what benefits would a consumer get from that unique attribute? Does that mean Shell Oil is more convenient due to more locations, or perhaps able to charge lower prices due to economies of scale? Those benefits, if evident, should become the basis for the positioning, with the proof point or RTB being the attribute of "biggest selling gasoline."

Finally, as we will develop in greater detail with the brand resonance model in the next chapter, it is important that a duality exists in the positioning of a brand such that there are rational and emotional components. In other words, a good positioning contains points-of-difference and points-of-parity that appeal both to the "head" and the "heart."

DEFINING A BRAND MANTRA

Brand positioning describes how a brand can effectively compete against a specified set of competitors in a particular market. In many cases, however, brands span multiple product categories and therefore may have multiple distinct—yet related—positionings. As brands evolve and expand across categories, marketers will want to craft a brand mantra that reflects the essential "heart and soul" of the brand.

Brand Mantras

To better establish what a brand represents, marketers will often define a brand mantra.[57] A ***brand mantra*** is a short, three- to five-word phrase that captures the irrefutable essence or spirit of the brand positioning. It's similar to "brand essence" or "core brand promise," and its purpose is to ensure that all employees and external marketing partners understand what the brand most fundamentally is to represent to consumers so they can adjust their actions accordingly. For example, McDonald's brand philosophy of "Food, Folks, and Fun" nicely captures its brand essence and core brand promise.

Brand mantras are powerful devices. They can provide guidance about what products to introduce under the brand, what ad campaigns to run, and where and how the brand should be sold. They may even guide the most seemingly unrelated or mundane decisions, such as the look of a reception area and the way employees answer the phone. In effect, brand mantras create a mental filter to screen out brand-inappropriate marketing activities or actions of any type that may have a negative bearing on customers' impressions of a brand.

Brand mantras help the brand present a consistent image. Any time a consumer or customer encounters a brand—in any way, shape, or form—his or her knowledge about that brand may change and affect the equity of the brand. Given that a vast number of employees come into contact with consumers, either directly or indirectly, their words and actions should consistently reinforce and support the brand meaning. Marketing partners like ad agency members may not even recognize their role in influencing equity. The brand mantra signals its meaning

and importance to the firm, as well as the crucial role of employees and marketing partners in its management. It also provides memorable shorthand as to what are the crucial considerations of the brand that should be kept most salient and top-of-mind.

Designing a Brand Mantra. What makes a good brand mantra? Two high-profile and successful examples of brand mantras come from two powerful brands, Nike and Disney, as described in Branding Briefs 2-2 and 2-3. Brand mantras must economically communicate what the brand is and what it is *not.* The Nike and Disney examples show the power and utility of a well-designed brand mantra. They also help suggest what might characterize a good brand mantra. Both examples are essentially structured the same way, with three terms, as follows:

	Emotional Modifier	**Descriptive Modifier**	**Brand Function**
Nike	Authentic	Athletic	Performance
Disney	Fun	Family	Entertainment

BRANDING BRIEF 2-2

Nike Brand Mantra

A brand with a keen sense of what it represents to consumers is Nike. Nike has a rich set of associations with consumers, revolving around such considerations as its innovative product designs, its sponsorships of top athletes, its award-winning advertising, its competitive drive, and its irreverent attitude. Internally, Nike marketers adopted a three-word brand mantra of "authentic athletic performance" to guide their marketing efforts. Thus, in Nike's eyes, its entire marketing program—its products and how they are sold—must reflect the key brand values conveyed by the brand mantra.

Nike's brand mantra has had profound implications for its marketing. In the words of ex-Nike marketing gurus Scott Bedbury and Jerome Conlon, the brand mantra provided the "intellectual guard rails" to keep the brand moving in the right direction and to make sure it did not get off track somehow. Nike's brand mantra has even affected product development. Over the years, Nike has expanded its brand meaning from "running shoes" to "athletic shoes" to "athletic shoes and apparel" to "all things associated with athletics (including equipment)."

Each step of the way, however, it has been guided by its "authentic athletic performance" brand mantra. For example, as Nike rolled out its successful apparel line, one important hurdle for the products was that they should be innovative enough through material, cut, or design to truly benefit top athletes. The revolutionary moisture-wicking technology of their Dri-Fit apparel line left athletes drier and more comfortable as they sweat. At the same time, the company has been careful to avoid using the Nike name to brand products that did not fit with the brand mantra, like casual "brown" shoes.

When Nike has experienced problems with its marketing program, they have often been a result of its failure to figure out how to translate its brand mantra to the marketing challenge at hand. For example, in going to Europe, Nike experienced several false starts until realizing that "authentic athletic performance" has a different meaning over there and, in particular, has to involve soccer in a major way. Similarly, Nike stumbled in developing its All Conditions Gear (ACG) outdoors shoes and clothing sub-brand, which attempted to translate its brand mantra into a less competitive arena.

Nike's brand mantra of "authentic athletic performance" is exemplified by athletes such as Roger Federer.
Source: Jean Catuffe, PacificCoastNews/Newscom

BRANDING BRIEF 2-3

Disney Brand Mantra

Disney developed its brand mantra in response to its incredible growth through licensing and product development during the mid-1980s. In the late 1980s, Disney became concerned that some of its characters, like Mickey Mouse and Donald Duck, were being used inappropriately and becoming overexposed. To investigate the severity of the problem, Disney undertook an extensive brand audit. As part of a brand inventory, it first compiled a list of all Disney products that were available (licensed and company manufactured) and all third-party promotions (complete with point-of-purchase displays and relevant merchandising) from stores across the country and all over the world. At the same time, Disney launched a major consumer research study—a brand exploratory—to investigate how consumers felt about the Disney brand.

Disney's brand mantra of "fun family entertainment" gave marketers "guard rails" to help avoid brand-inconsistent actions.

Source: ZHANG JUN/Xinhua/Photoshot/Newscom

The results of the brand inventory revealed some potentially serious problems: the Disney characters were on so many products and marketed in so many ways that in some cases it was difficult to discern the rationale behind the deal to start with. The consumer study only heightened Disney's concerns. Because of the broad exposure of the characters in the marketplace, many consumers had begun to feel that Disney was exploiting its name. In some cases, consumers felt that the characters added little value to products and, worse yet, involved children in purchase decisions that they would typically ignore.

Because of its aggressive marketing efforts, Disney had written contracts with many of the "park participants" for copromotions or licensing arrangements. Disney characters were selling everything from diapers to cars to McDonald's hamburgers. Disney learned in the consumer study, however, that consumers did not differentiate between all the product endorsements. "Disney was Disney" to consumers, whether they saw the characters in films, records, theme parks, or consumer products. Consequently, *all* products and services that used the Disney name or characters had an impact on Disney's brand equity. Consumers reported that they resented some of these endorsements because they felt that they had a special, personal relationship with the characters and with Disney that should not be handled so carelessly.

As a result of the brand audit, Disney moved quickly to establish a brand equity team to better manage the brand franchise and more carefully evaluate licensing and other third-party promotional opportunities. One of the mandates of this team was to ensure that a consistent image for Disney—reinforcing its key brand associations—was conveyed by all third-party products and services. To facilitate this supervision, Disney adopted an internal brand mantra of "fun family entertainment" to serve as a screening device for proposed ventures.

Opportunities that were not consistent with the brand mantra—no matter how appealing—were rejected. For example, Disney was approached to cobrand a mutual fund in Europe that was designed as a way for parents to save for the college expenses of their children. The opportunity was declined despite the consistent "family" association, because Disney believed that a connection with the financial community or banking suggested other associations that were inconsistent with its brand image (mutual funds are rarely intended to be entertaining!).

The ***brand functions*** term describes the nature of the product or service or the type of experiences or benefits the brand provides. It can range from concrete language that reflects the product category itself, to more abstract notions (like Nike's and Disney's), where the term relates to higher-order experiences or benefits that a variety of different products could deliver. The ***descriptive modifier*** further clarifies its nature. Thus, Nike's performance is not

just any kind (not artistic performance, for instance) but only *athletic* performance; Disney's entertainment is not just any kind (not adult-oriented) but only *family* entertainment (and arguably an additional modifier, "magical," could add even more distinctiveness). Combined, the brand function term and descriptive modifier help delineate the brand boundaries. Finally, the ***emotional modifier*** provides another qualifier—how exactly does the brand provide benefits and in what ways?

Brand mantras don't necessarily have to follow this exact structure, but they should clearly delineate what the brand is supposed to represent and therefore, at least implicitly, what it is not. Several additional points are worth noting.

1. Brand mantras derive their power and usefulness from their collective meaning. Other brands may be strong on one, or perhaps even a few, of the brand associations making up the brand mantra. For the brand mantra to be effective, no other brand should singularly excel on all dimensions. Part of the key to both Nike's and Disney's success is that for years, no other competitor could really deliver on the promise suggested by their brand mantras as well as they did.
2. Brand mantras typically are designed to capture the brand's points-of-difference, that is, what is unique about the brand. Other aspects of the brand positioning—especially the brand's points-of-parity—may also be important and may need to be reinforced in other ways.
3. For brands facing rapid growth, a brand functions term can provide critical guidance as to appropriate and inappropriate categories into which to extend. For brands in more stable categories, the brand mantra may focus more on points-of-difference as expressed by the functional and emotional modifiers, perhaps not even including a brand functions term.

Implementing a Brand Mantra. Brand mantras should be developed at the same time as the brand positioning. As we've seen, brand positioning typically is a result of an in-depth examination of the brand through some form of brand audit or other activities. Brand mantras may benefit from the learning gained from those activities but, at the same time, require more internal examination and involve input from a wider range of company employees and marketing staff. Part of this internal exercise is actually to determine the different means by which each and every employee currently affects brand equity, and how he or she can contribute in a positive way to a brand's destiny. The importance of internal branding is reinforced in The Science of Branding 2-2.

Marketers can often summarize the brand positioning in a few sentences or a short paragraph that suggests the ideal core brand associations consumers should hold. Based on these core brand associations, a brainstorming session can attempt to identify PODs, POPs, and different brand mantra candidates. In the final brand mantra, the following considerations should come into play:

- *Communicate:* A good brand mantra should both define the category (or categories) of the business to set the brand boundaries and clarify what is unique about the brand.
- *Simplify:* An effective brand mantra should be memorable. That means it should be short, crisp, and vivid. A three-word mantra is ideal because it is the most economical way to convey the brand positioning.
- *Inspire:* Ideally, the brand mantra should also stake out ground that is personally meaningful and relevant to as many employees as possible. Brand mantras can do more than inform and guide; they can also inspire, if the brand values tap into higher-level meaning with employees as well as consumers.

Regardless of how many words make up the mantra, however, *there will always be a level of meaning beneath the brand mantra itself that will need to be articulated.* Virtually any word may have many interpretations. For example, the words *fun, family,* and *entertainment* in Disney's brand mantra can each take on multiple meanings, leading Disney to drill deeper to provide a stronger foundation for the mantra. Two or three short phrases were therefore added later to clarify each of the three words.

THE SCIENCE OF BRANDING 2-2

Branding Inside the Organization

Brand mantras point out the importance of *internal branding*—making sure that members of the organization are properly aligned with the brand and what it represents. Much of the branding literature has taken an *external* perspective, focusing on strategies and tactics that firms should take to build or manage brand equity with customers. Without question, at the heart of all marketing activity is the positioning of a brand and the essence of its meaning with consumers.

Equally important, however, is positioning the brand *internally.*[59] For service companies especially, it's critical that all employees have an up-to-date and deep understanding of the brand. Recently, a number of companies have put forth initiatives to improve their internal branding.

One of the fastest growing and most successful restaurant chains in the United States, Panda Express, devotes significant resources to internal training and development for employees. Besides services training, privately owned Panda Express supports the personal improvement efforts of its staff—controlling weight, working on communications skills, jogging, and attending seminars—in the belief that healthier, happier employees increase sales and profitability.

Singapore Airlines also invests heavily in employee training: new recruits receive four months of training, twice as long as the industry average. The company also spends about $70 million a year on retraining each of its 14,500 existing employees. Training focuses on deportment, etiquette, wine appreciation, and cultural sensitivity. Cabin crew learn how to interact differently with Japanese, Chinese, and U.S. passengers as well as the importance of communicating at eye level and not "looking down" at passengers.

Companies need to engage in continual open dialogue with their employees. Branding should be perceived as participatory. Some firms have pushed B2E (business-to-employee) programs through corporate intranets and other means. Disney is seen as so successful at internal branding that its Disney Institute holds seminars on the "Disney Style" of creativity, service, and loyalty for employees from other companies.

In short, for both motivating employees and attracting external customers, internal branding is a critical management priority.

Sources: Karl Taro Greenfeld, "The Sharin' Huggin' Lovin' Carin' Chinese Food Money Machine," *Bloomberg Businessweek*, 28 November 2010, 98–103; Loizos Heracleous and Joachen Wirtz, "Singapore Airlines' Balancing Act," *Harvard Business Review*, July–August 2010, 145–149; James Wallace, "Singapore Airlines Raises the Bar for Luxury Flying," www.seattlepi.com, 16 January 2007. For some seminal writings in the area, see Hamish Pringle and William Gordon, *Brand Manners: How to Create the Self-Confident Organization to Live the Brand* (New York: John Wiley & Sons, 2001); Thomas Gad, *4-D Branding: Cracking the Corporate Code of the Network Economy* (London: Financial Times Prentice Hall, 2000); Nicholas Ind, *Living the Brand: How to Transform Every Member of Your Organization into a Brand Champion*, 2nd ed. (London, UK: Kogan Page, 2004); Scott M. Davis and Kenneth Dunn, *Building the Brand-Driven Business: Operationalize Your Brand to Drive Profitable Growth* (San Francisco: Jossey-Bass, 2002); Mary Jo Hatch and Make Schultz, *Taking Brand Initiative: How Companies Can Align Strategy, Culture, and Identity Through Corporate Branding* (San Francisco, CA: Jossey-Bass, 2008); Andy Bird and Mhairi McEwan, *The Growth Drivers: The Definitive Guide to Transforming Marketing Capabilities* (West Sussex, UK: John Wiley & Sons, 2012).

REVIEW

Customer-based brand equity is the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer-based brand equity when customers react more favorably to a product and the way it is marketed when the brand is identified than when it is not.

We can define brand knowledge in terms of an associative network memory model, as a network of nodes and links wherein the brand node in memory has a variety of associations linked to it. We can characterize brand knowledge in terms of two components: brand awareness and brand image. Brand awareness is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to recall or recognize the brand under different conditions. It has both depth and breadth. The depth of brand awareness measures the likelihood that consumers can recognize or recall the brand. The breadth of brand awareness measures the variety of purchase and consumption situations in which the brand comes to mind. Brand image is consumer perceptions of a brand as reflected by the brand associations held in consumers' memory.

Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand associations in memory. In some cases, brand awareness alone is sufficient to result in more favorable consumer response—for example, in low-involvement decision settings where consumers are willing to base their choices merely on familiar brands. In other cases, the strength, favorability, and