BRAND PLANNING

by Kevin Lane Keller

SHOULDERS OF GIANTS™

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E. B. Osborn Professor of Marketing
Tuck School of Business
Dartmouth College

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info@SOGiants.com

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info@SOGiants.com

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INTRODUCTION

Great brands are no accidents. They are a result of thoughtful and imaginative planning. Anyone building or managing a brand must carefully develop and implement creative brand strategies. To aid in that planning, three tools or models are helpful. Like the famous Russian nesting "matrioshka" dolls, the three models are inter-connected and become larger and increasing in scope: The first model is a component into the second model; the second model, in turn, is a component into the third model. Combined, the three models provide crucial micro and macro perspectives to successful brand building. Specifically, the three models are as follows, to be described in more detail below:

1. ***Brand positioning model*** describes how to establish competitive advantages in the minds of customers in the marketplace;
2. ***Brand resonance model*** describes how to create intense, activity loyalty relationships with customers; and
3. ***Brand value chain model*** describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments.

Collectively, these three models help marketers devise branding strategies and tactics to maximize profits and long-term brand equity and track their progress along the way.[1]

1 This paper is based on a series of research articles written by the author and others, as summarized in Keller, Kevin Lane (2008), *Strategic Brand Management*, 3rd edition, Upper Saddle River, NJ: Prentice-Hall.

CHAPTER 1
BRAND POSITIONING

The first model deals with perhaps one of the oldest concepts in marketing – brand positioning. *Positioning* is the act of designing the company's offering and image to occupy a distinctive place in the minds of the target market. The goal is to locate the brand in the minds of consumers to maximize the potential benefits to the firm. Brand positioning is crucial because it drives so many marketing decisions. A good brand positioning helps guide marketing strategy by clarifying the brand's essence, what goals it helps the consumer achieve, and how it does so in a unique way. Everyone in the organization should understand the brand positioning and use it as context for making decisions.

Unfortunately, most traditional positioning approaches, as with the traditional brand positioning statement (see Figures 1 and 2 for examples of a typical format and hypothetical application), are problematic in several ways. First, it assumes only one key differentiator from a brand. Therefore, it ignores the possibility of multiple differentiators as well as the need to negate any of the competitors' potential advantages. Additionally, it does not provide a forward-looking growth platform.

Positioning requires that similarities and differences between brands be defined and communicated. Specifically, there are four key components to a superior competitive positioning:

1. a competitive frame of reference in terms of the target market and nature of competition
2. the points-of-difference in terms of strong, favorable, and unique brand associations
3. the points-of-parity in terms of brand associations that negate any existing or potential points-of-difference by competitors
4. a brand mantra that summarizes the essence of the brand and key points-of-difference in 3-5 words. We next elaborate on the theory and practice involved with each of these four components

Competitive Frame of Reference

The competitive frame of reference defines which other brands a brand competes with and therefore which brands should be the focus of analysis and study. Competitive analysis undoubtedly involves a whole host of factors – including the resources, capabilities, and likely intentions of firms – in choosing those markets where consumers can be profitably served. A good starting point in defining a competitive frame of reference for brand positioning is to determine the products or sets of products with which a brand competes and which function as close substitutes. For a brand with explicit growth intentions to enter new markets, a broader or maybe even more aspirational competitive frame may be necessary to reflect possible future competitors.

Target market decisions are closely linked to decisions about the nature of competition. Deciding to target a certain type of consumer can define the nature of competition because certain firms have decided to target that segment in the past (or plan to do so in the future), or because consumers in that segment may already look to certain products or brands in their purchase decisions. To determine the proper competitive frame of reference, marketers need to understand consumer behavior and the consideration sets that consumers use in making brand choices. We address issues associated with having multiple frames of reference in greater detail below.

Points-of-Parity and Points-of-Difference

Once marketers have fixed the competitive frames of reference by defining the customer target markets and the nature of competition associated with each target, they can define the appropriate points-of-difference and points-of-parity associations for positioning.

POINTS-OF-DIFFERENCE

Points-of-difference (PODs) are attributes or benefits consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand. Associations that make up points-of-difference may be based on virtually any type of attribute or benefit. Examples in the automobile market are Volvo (*safety*), Toyota (*quality and dependability*), and Mercedes-Benz (*quality and prestige*). Creating brand associations that are strong, favorable, and unique that can become points-of-difference is a real challenge, but essential in terms of competitive positioning.

There are three key criteria that determine whether or not a brand association can truly function as a point-of-difference:

- ***Desirable to consumer***. The brand association must be seen as personally relevant to consumers as well as believable and credible.
- ***Deliverable by the company***. The company must have the internal resources and commitment to be able to actually feasibly and profitably create and maintain the brand association in the minds of consumers. Ideally, the brand association would be pre-emptive, defensible, and difficult to attack.
- ***Differentiating from competitors***. Finally, the brand association must be seen by consumers as distinctive and superior compared to relevant competitors.

Any attribute or benefit associated with a product or service can function as a point-of-difference for a brand as long as it is sufficiently desirable, deliverable, and differentiating. The brand must demonstrate clear superiority on an attribute or benefit, however, for it to function as a true point-of-difference. Consumers must be convinced, for example, that Louis Vuitton has the most stylish handbags, Energizer is the longest-lasting battery, and Fidelity Investments offers the best financial advice and planning.

POINTS-OF-PARITY

Points-of-parity (POPs), on the other hand, are associations that are not necessarily unique to the brand but may in fact be shared with other brands. These types of associations come in two basic forms: category and competitive.

Category points-of-parity are associations that consumers view as essential to a legitimate and credible offering within a certain product or service category. In other words, they represent necessary – but not sufficient – conditions for brand choice. Consumers might not consider a rental car agency truly a rental car agency unless it is able to offer a fleet of different types of car, different payment methods, etc. Category points-of-parity may change over time due to technological advances, legal developments, or consumer trends, but they are the "greens fees" to play the marketing game.

Competitive points-of-parity are associations designed to negate *competitors*' points-of-difference. If, in the eyes of consumers, a brand can "break even" in those areas where the competitors are trying to find an advantage *and* achieve advantages in other areas, the brand should be in a strong – and perhaps unbeatable – competitive position. The positioning history of Miller Lite beer illustrates a number of the important issues with respect to points-of-parity and points-of-difference.

THE MILLER LITE STORY

Miller Brewing was perhaps the first brewer to aggressively launch a light beer nationally. The initial advertising strategy for Miller Lite beer had two goals – ensuring parity with regular, full-strength competitors in the category on the basis of taste, while at the same time creating a point-of-difference on the fact that it contained one-third less calories and was thus "less filling" than regular, full-strength beers. As is often the case with positioning, the point-of-parity and point-of-difference were somewhat conflicting, as consumers tend to equate taste with calories, presenting a significant challenge to Miller.

As is also often the case with marketing problems, the solution involved both skillful product development and creative marketing communications. The actual Miller light beer product was brewed in a different, novel way that preserved taste at a lower calorie basis much more effectively than any prior light beers, which were essentially just watered down versions of regular beers. Despite that fact, Miller knew that consumers might be suspicious of the taste credentials of a light beer. To overcome potential resistance, Miller employed credible spokespeople, primarily popular former professional athletes, who would presumably not drink a beer unless it tasted good. These ex-jocks humorously debated which of the two product benefits – "tastes great" or "less filling" – was more descriptive of the beer. The ads ended with the clever tagline "Everything You've Always Wanted In a Beer … And Less."

As a result of sharp positioning and solid execution, Miller Lite enjoyed years of sustained growth in sales and profits. Eventually, however, Miller Light sales stalled when category leader, Anheuser-Busch, introduced their own light beer as a brand extension of their popular Budweiser beer. A new competitive frame was thus necessary as Budweiser was no longer the key competitor, but Bud Light instead. After some years of indecision, management chose to create a new brand positioning that flip-flopped the prior positioning in a clever way. Less filling basically became a point-of-parity for Miller Lite versus Bud Light, although an advantage of Miller Lite in terms of lower carbohydrates or "carbs" did give the brand a point-of-difference for at least some consumers. The more pervasive point-of-difference though was taste, which Miller Lite reinforced through extensive on-premise taste challenges throughout the U.S.

In addition to reaffirming the core duality and functional benefits of "less filling and great tasting" – albeit with a twist – Miller also created an additional emotional point-of-difference by translating the uncompromising nature of its product to the actual consumer of the beer. Advertising and other communications reinforced strong user imagery and an emotional appeal to a target market of uncompromising character. Miller Lite was the light beer that didn't compromise on its product quality, for consumers who didn't want to compromise in their choices and just default with the others to the most popular beer. By successfully addressing inherent product trade-offs and linking brand performance and emotional equities, sales rose 10% during 2004-2005.

LESSONS FROM MILLER LITE

The Miller Lite case study is instructive and suggests several lessons.

- *Both points-of-parity and points-of-difference are needed to be well-positioned*. Miller Lite would not have been nearly as successful if it did not simultaneously address both its strengths and weaknesses.
- *Points-of-parity and points-of-difference are often negatively correlated*. Inverse product relationships in the minds of consumers are pervasive across many categories, i.e., "if you are good at one thing, you must not be good at something else." Below, we suggest some ways to address this fact.
- *Points-of-parity are NOT points-of-equality – there is a zone or range of indifference or tolerance*. For an offering to achieve a point-of-parity (POP) on a particular attribute or benefit, a sufficient number of consumers must believe that the brand is "good enough" on that dimension. There is a zone or range of tolerance or acceptance with points-of-parity. The brand does not literally have to be seen as equal to competitors, but consumers must feel that the brand does well enough on that particular attribute or benefit. If they do, they may be willing to base their evaluations and decisions on other factors potentially more favorable and valuable to the brand.
- Points-of-parity may even need to be the focus of marketing communications and other marketing activities as the points-of-difference may be a "given." In other words, often, the key to positioning is not so much achieving a point-of-difference (POD) as achieving points-of-parity! Another case study is instructive in this regard.

THE VISA STORY

American Express built a strong brand in the 1960's and 1970's in part by linking itself to travel at a time when travel was, in fact, somewhat glamorous. American Express' points-of-difference of "prestige," "status," and "cachet" were exemplified by the "Member Since" designation on its cards and a highly successful "Membership has its Privileges" ad campaign.

To successfully compete with American Express in the 1980's, Visa needed to

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effectively position itself, which meant that it needed to accomplish two things – create a meaningful point-of-difference for itself and also negate American Express' points-of-difference at the same time. Visa's point-of-difference in the credit card category was that it was the most widely available card, which underscored the category's main benefit of convenience. Although highly desirable, deliverable, and differentiating as a point-of-difference, its impact could potentially be blunted if Visa did not negate American Express' points-of-difference and achieve a point-of-parity in the process.

Visa's solution to their marketing problem, as was also the case with Miller, involved both a product and a communication component. On the product front, Visa introduced gold and platinum cards to enhance the inherent prestige of its brand. It also introduced a highly successful ad campaign that subsequently ran for almost 20 years. Visa's "It's Everywhere You Want to Be" ad campaign showed highly desirable – and thus aspirational – locations such as exclusive resorts, restaurants, and sporting events which did not accept American Express. The ad campaign thus cleverly reinforced both acceptability as well as prestige and helped Visa to simultaneously establish both points-of-parity and points-of-difference with respect to American Express.

As a result of its sharp positioning and other factors, Visa experienced great success in the marketplace, overtaking American Express as market leader. American Express has countered, substantially increasing the number of vendors that accept its cards and creating other value enhancements through its "Make Life Rewarding" and other programs. The Visa case study reinforces the importance of establishing points-of-parity. It also reinforces the fact that positioning may have to evolve as the marketing environment – consumers, competition, technology, legal restrictions and so on – changes.

MULTIPLE FRAMES OF REFERENCE

It is not uncommon for a brand to identify more than one or multiple frames of reference. This may be the result of broader category competition or the intended future growth of a brand. For example, Starbucks can define very distinct sets of competitors which would suggest different POP's and POD's as a result:

- *Quick-serve restaurants and convenience shops (e.g., McDonald's and Dunkin Doughnuts).* Intended POD's might be quality, image, experience and variety; intended POP's might be convenience and value.
- *Supermarket brands for home consumption (e.g., Nescafe and Folger's).* Intended POD's might be quality, image, experience, variety and freshness; intended POP's might be convenience and value.

- *Local cafes*. Intended POD's might be convenience and service quality; intended POP's might be quality, variety, price and community.

Note that some POP's and POD's are shared across competitors; others are unique to a particular competitor. Under such circumstances, marketers have to decide what to do. There are two main options. Ideally, a robust positioning could be developed that would be effective across the multiple frames somehow. If not, then it is necessary to prioritize and choose the most relevant set of competitors to serve as the competitive frame. One thing that is crucial though is to be careful to not try to be all things to all people – that leads to "lowest common denominator" positioning.

Finally, note that if there are many competitors in different categories or sub-categories, it may be useful to either develop the positioning at the categorical level for all relevant categories (e.g., "quick-serve restaurants" or "supermarket take-home coffee" for Starbucks) or with an exemplar from each category (e.g., McDonald's or Nescafe for Starbucks).

STRADDLE POSITIONINGS

Occasionally, a company will be able to straddle two frames of reference with one set of points-of-difference and points-of-parity. In these cases, the points-of-difference in one category become points-of-parity in the other and vice-versa for points-of-parity. For example, Accenture defines itself as the company that combines 1) strategic insight, vision, and thought leadership and 2) information technology expertise in developing client solutions. This strategy permits points-of parity with its two main competitors, McKinsey and IBM, while simultaneously achieving points-of-difference. Specifically, Accenture has a point-of-difference on technology and execution with respect to McKinsey and point-of-parity on strategy and vision. The reverse is true with respect to IBM: technology and execution are points-of-parity, but strategy and vision are points-of-difference.

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, the brand may not be viewed as a legitimate player in either category and end up in "no-man's-land." Another brand that has successfully employed a straddle positioning is BMW.

THE BMW STORY

When BMW first made a strong competitive push into the U.S. market in the early 1980s, it positioned the brand as the only automobile that truly offered both luxury *and* performance. At that time, consumers saw American luxury cars (e.g., Cadillac) as lacking performance, and American performance cars (e.g., Chevy Corvette) as lacking luxury and comfort. By relying on the design of its cars, its German heritage, and other aspects of a well-conceived marketing program, BMW was able to simultaneously achieve: (1) a point-of-difference on luxury and a point-of-parity on performance with respect to American performance cars and (2) a point-of-difference on performance and a point-of-parity on luxury with respect to American luxury cars. The clever slogan "The Ultimate Driving Machine" effectively captured the newly created umbrella category – luxury performance cars. "Ultimate" connoted luxury, whereas "Driving Machine" suggested performance.

CREATING POPS AND PODS

As mentioned above, one common difficulty in creating a strong, competitive brand positioning is that many of the attributes or benefits that make up the points-of-parity and points-of-difference are negatively correlated. For example, it might be difficult to position a brand as "inexpensive" and at the same time assert that it is "of the highest quality." Con-Agra must convince consumers that Healthy Choice frozen foods both taste good and are good for you. Some other examples of negatively correlated attributes and benefits are:

• Price & quality	• Convenience & quality
• Taste & low calories	• Efficacy & mildness
• Power & safety	• Ubiquity & prestige
• Comprehensiveness (variety) & simplicity	• Strength & refinement

Recognize too that individual attributes and benefits often have positive *and* negative aspects. For example, consider a long-lived brand such as La-Z-Boy recliners. The brand's heritage could suggest experience, wisdom, and expertise. On the other hand, it could also imply being old-fashioned and not up-to-date.

Unfortunately, consumers typically want to maximize *both* the negatively correlated attributes or benefits. Much of the art and science of marketing is dealing with trade-offs, and positioning is no different. The best approach clearly is to develop a product or service that performs well on both dimensions. As noted above, BMW was able to establish its "luxury and performance" straddle positioning due in large part to product design, and the fact that the car was in fact seen as both luxurious and high performance. Gore-Tex was able to overcome the seemingly conflicting product image of "breathable" and "waterproof" through technological advances.

Some marketers have adopted other approaches to address attribute or benefit trade-offs: launching two different marketing campaigns, each one devoted to a different brand attribute or benefit; linking themselves to any kind of entity (person, place or thing) that possesses the right kind of equity as a means to establish an attribute or benefit as a POP or POD; and even attempting to convince consumers that the negative relationship between attributes and benefits, if they consider it differently, is in fact positive.

These strategies have met with varying degrees of success, but must be credited for at least acknowledging and attempting to address the fact that trade-offs exist in customers' minds that impact their brand choices in the marketplace.

Brand Mantras

To provide further focus as to the intent of the brand positioning and how firms would like consumers to think about the brand, it is often useful to define a brand mantra. A brand mantra is highly related to branding concepts such as "brand essence" or "core brand promise." A *brand mantra* is an articulation of the "heart and soul" of the brand. Brand mantras are short, three- to five-word phrases that capture the irrefutable essence or spirit of the brand positioning. Their purpose is to ensure that all employees within the organization and all external marketing partners understand what the brand most fundamentally is to represent with consumers so that they can adjust their actions accordingly.

Brand mantras are powerful devices. They can provide guidance as to what products to introduce under the brand, what ad campaigns to run, where and how the brand should be sold, and so on. The influence of brand mantras, however, can extend beyond these tactical concerns. Brand mantras may even guide the most seemingly unrelated or mundane decisions, such as the look of a reception area, the way phones are answered, and so on. In effect, brand mantras are designed to 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 are important for a number of reasons. First, 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 as a result, the equity of the brand is affected. Given that a vast number of employees, either directly or indirectly, come into contact with consumers in a way that may affect consumer knowledge about the brand, it is important that employee words and actions consistently reinforce and support the brand meaning. Many employees or marketing partners (e.g., ad agency members) who potentially could help or hurt brand equity may be far removed from the marketing strategy formulation and may not even recognize their role in influencing equity. The existence and communication of a brand mantra signals the importance of the brand to the organization and an understanding of its meaning 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.

What makes for a good brand mantra? McDonald's brand philosophy of "Food, Folks, and Fun" captures their brand essence and core brand promise. Brand mantras must economically communicate what the brand is and what the brand is *not*. Two high-profile and successful examples for Nike and Disney examples show the power and utility of having a well-designed brand mantra. They also help to suggest what might characterize a good brand mantra. Let's consider each.

THE NIKE STORY

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 those 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. From a product development standpoint, Nike's brand mantra has affected where it has taken the brand. 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 could be made innovative enough through its material, cut, or design to truly benefit top athletes. At the same time, the company has been careful to avoid using the Nike name to brand products that do not fit with the brand mantra (e.g., causal "brown" shoes).

When Nike has experienced problems with its marketing program, it has often been a result of its failure to figure out how to translate their 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, among other things. Similarly, Nike stumbled in developing their All Conditions Gear (ACG) outdoors shoes and clothing sub-brand in translating their brand mantra into a less competitive arena.

THE DISNEY STORY

Disney's development of its brand mantra was 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 (Mickey Mouse, Donald Duck, etc.) 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.

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 what could have been 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 their aggressive marketing efforts, Disney had written contracts with many of the "park participants" for co-promotions 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 of 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 their 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 screen for proposed ventures. Opportunities that were presented that were not consistent with the brand mantra – no matter how appealing – were rejected.

For example, Disney was approached to co-brand a mutual fund in Europe that was designed for families 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 their brand image (mutual funds are rarely intended to be entertaining). To provide further distinctiveness, the Disney mantra could have even added the word "magical."

Designing a Brand Mantra

Brand mantras don't necessarily have to follow the same structure as Nike and Disney's, but whatever structure is adopted, it must be the case that the brand mantra clearly delineates what the brand is supposed to represent and therefore, at least implicitly, what it is not. Several additional points about brand mantras are worth noting.

First, brand mantras are designed with internal purposes in mind. A brand slogan is an external translation that attempts to creatively engage consumers. So although Nike's internal mantra was "authentic athletic performance," its external slogan was "Just Do It." Here are the three key criteria for a brand mantra.

- ***Communicate*** A good brand mantra should define the category (or categories) of business for the brand and set the brand boundaries. It should also clarify what is unique about the brand.
- ***Simplify*** An effective brand mantra should be memorable. As a result, it should be short, crisp, and vivid in meaning.
- ***Inspire*** Ideally, the brand mantra would also stake out ground that is personally meaningful and relevant to as many employees as possible.

Second, 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.

Third, for brands facing rapid growth, it is helpful to define the product or benefit space in which the brand would like to compete as with Nike and "athletic performance" and Disney with "family entertainment." Including a word or words that describes the nature of the product or service or the type of experiences or benefits that the brand provides can be critical to provide guidance as to appropriate and inappropriate categories into which to extend. For brands in more stable categories where extensions into more distinct categories are less likely to occur, the brand mantra may focus more exclusively on points-of-difference.

Finally, 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 those brands.

Summary

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 POD's will, in turn, become the brand's POP's. Consumer research into the trade-offs in decision-making that exist in the minds of consumers can also be informative.

Finally, as will be developed in greater detail in the next model, it is important 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."

CHAPTER 2
BRAND RESONANCE

The brand postioning model presented above considers how to most effectively position a brand. The brand resonance model in this section considers in more detail how to take that positioning to build a strong brand that elicits much consumer loyalty. Building a strong brand can be thought of in terms of a sequence of steps, in which each step is contingent on successfully achieving the previous step. All the steps involve accomplishing certain objectives with customers – both existing and potential. The steps are as follows:

1. Ensure identification of the brand with customers and an association of the brand in customers' minds with a specific product class or customer need.
2. Firmly establish the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations with certain properties.
3. Elicit the proper customer responses to this brand identification and brand meaning.
4. Convert brand response to create an intense, active loyalty relationship between customers and the brand.

These four steps represent a set of fundamental questions that customers invariably ask about brands – at least implicitly if not even explicitly – as follows (with corresponding brand steps in parentheses).

1. Who are you? (brand identity)
2. What are you? (brand meaning)
3. What about you? What do I think or feel about you? (brand responses)
4. What about you and me? What kind of association and how much of a connection would I like to have with you? (brand relationships)

There is an obvious ordering of the steps in this "branding ladder," from identity to meaning to responses to relationships. That is, meaning cannot be established unless identity has been created; responses cannot occur unless the right meaning has been developed; and a relationship cannot be forged unless the proper responses have been elicited.

As will become apparent below, the brand positioning model that emphasizes points-of-parity and points-of-difference deals with brand meaning and represents the second level of this branding ladder.

Brand Building Blocks

Performing the four steps to create the right brand identity, brand meaning, brand responses, and brand relationship is a complicated and difficult process. To provide some structure, it is useful to think of sequentially establishing six "brand building blocks" with customers. To connote the sequencing involved, these brand building blocks can be assembled in terms of a brand pyramid.

Creating significant brand equity involves reaching the pinnacle of the brand resonance pyramid and will only occur if the right building blocks are put into place. The corresponding brand steps represent different levels of the brand resonance pyramid. This brand-building process is illustrated in Figures 3 and 4, and each of these steps and corresponding brand building blocks are highlighted in the following sections. The Appendix delves in greater detail on each building block, describing their sub-dimensions and outlining candidate measures.

BRAND SALIENCE

Achieving the right brand identity involves creating brand salience with customers. *Brand salience* relates to aspects of the awareness of the brand, for example, how often and easily the brand is evoked under various situations or circumstances. To what extent is the brand top-of-mind and easily recalled or recognized? What types of cues or reminders are necessary? How pervasive is this brand awareness?

A highly salient brand is one that has both depth and breadth of brand awareness, such that customers always make sufficient purchases as well as always think of the brand across a variety of settings in which it could possibly be employed or consumed. Brand salience is an important first step in building brand equity, but is usually not sufficient. For many customers in many situations, other considerations, such as the meaning or image of the brand, also come into play. Creating brand meaning involves establishing a brand image and what the brand is characterized by and should stand for in the minds of customers.

BRAND MEANING

Although a myriad of different types of brand associations are possible, brand meaning can broadly be distinguished in terms of more functional, performance-related considerations versus more abstract, imagery-related considerations. Thus, brand meaning is made up of two major categories of brand associations that exist in customers' minds related to performance and imagery, with a set of specific subcategories within each. These brand associations can be formed directly (from a customer's own experiences and contact with the brand) or indirectly (through the depiction of the brand in advertising or by some other source of information, such as word of mouth). These associations serve as the basis for the positioning of the brand and its points-of-parity and points-of-difference.

A number of different types of associations related to either performance or imagery may become linked to the brand. Regardless of the type involved, the brand associations making up the brand image and meaning can be characterized and profiled according to three important dimensions – strength, favorability, and uniqueness – that provide the key to building a strong brand positioning and brand equity. Successful results on these three dimensions help the brand to achieve the proper points-of-parity and points-of-difference dimensions and the most positive brand responses, the underpinning of intense and active brand loyalty.

To create points-of-difference, it is important that the brand have some strong, favorable, and unique brand associations *in that order*. In other words, it doesn't matter how unique a brand association is unless customers evaluate the association favorably, and it doesn't matter how desirable a brand association is unless it is sufficiently strong that customers actually recall it and link it to the brand. At the same time, as noted earlier, it should be recognized that not all strong associations are favorable, and not all favorable associations are unique.

Creating strong, favorable, and unique associations and the desired points-of-parity and points-of-difference can be difficult for marketers, but essential in terms of building brand resonance. Strong brands typically have firmly established favorable and unique brand associations with consumers.

BRAND RESPONSES

Brand responses refers to how customers respond to the brand and all its marketing activity and other sources of information – that is, what customers think or feel about the brand. Brand responses can be distinguished according to brand judgments and brand feelings, that is, in terms of whether they arise from the "head" or from the "heart."

Brand judgments focus on customers' personal opinions and evaluations with regard to the brand. Brand judgments involve how customers put together all the different performance and imagery associations of the brand to form different kinds of opinions. *Brand feelings* are customers' emotional responses and reactions with respect to the brand. Brand feelings also relate to the social currency evoked by the brand. What feelings are evoked by the marketing program for the brand or by other means? How does the brand affect customers' feelings about themselves and their relationship with others? These feelings can be mild or intense and can be positive or negative.

Although all types of customer responses are possible – driven from both the head and heart – ultimately what matters is how positive these responses are. Additionally, it is important that the responses are accessible and come to mind when consumers think of the brand. Brand judgments and feelings can only favorably affect consumer behavior if consumers internalize or think of positive responses in their encounters with the brand.

BRAND RESONANCE

The final step of the model focuses on the ultimate relationship and level of identification that the customer has with the brand. *Brand resonance* refers to the nature of this relationship and the extent to which customers feel that they connect with a brand and feel "in sync" with it. With true brand resonance, customers have a high degree of loyalty marked by a close relationship with the brand such that customers actively seek means to interact with the brand and share their experiences with others. Examples of brands which have had high resonance include Harley-Davidson, Apple, and eBay.

Brand resonance can be usefully characterized in terms of two dimensions: intensity and activity. *Intensity* refers to the strength of the attitudinal attachment and sense of community. In other words, how deeply felt is the loyalty? What is the depth of the psychological bond that customers have with the brand? *Activity* refers to the behavioral changes engendered by this loyalty. How frequently do customers buy and use the brand? How often do customers engage in other activities not related to purchase or consumption. In other words, in how many different ways does brand loyalty manifest itself in day-to-day consumer behavior? For example, to what extent does the customer seek out brand information, events, and other loyal customers?

THE ROLEX STORY

Rolex is a good example of a brand that has put the proper building blocks at each stage to achieve brand resonance.

- ***Salience*** Rolex has more depth than breadth in its awareness, as it is the most commonly recalled luxury watch brand in the world. Given its target market is more of a niche, such an awareness profile seems reasonable and appropriate.
- ***Performance*** Rolex has a number of distinctive components: Hand crafted

timepieces made from premium materials; perpetual self-winding technology; and exceptional customer service.

- ***Image*** Through its use of sports and cultural Ambassadors and world-class premier events, Rolex seeks an elite image reflecting luxury, status, and ultimate performance. It has come to represent a symbol of wealth and success.
- ***Judgments*** Rolex is viewed as one of the best watch lines in the world with extremely high levels of quality, innovation and design.
- ***Feelings*** Rolex taps into more both internally-directed and externally-directed feelings of social approval and self-respect.
- ***Resonance*** Rolex enjoys extremely strong customer loyalty with high repeat purchase rates. Attitudinal attachment is reflected in how the brand is treated as an heirloom item.

Brand Building Implications of the Resonance Model

The importance of the brand resonance model is in the road map and guidance it provides for brand building. It provides a yardstick by which brands can assess their progress in their brand-building efforts as well as a guide for marketing research initiatives. With respect to the latter, one model application is in terms of brand tracking and providing quantitative measures of the success of brand-building efforts. The model also reinforces a number of important branding tenets, five of which are particularly noteworthy and are discussed in the following sections.

CUSTOMERS OWN BRANDS

The basic premise of the brand resonance model is that the true measure of the strength of a brand depends on how consumers think, feel, and act with respect to that brand. In particular, the strongest brands will be those brands for which consumers become so attached and passionate that they, in effect, become evangelists or missionaries and attempt to share their beliefs and spread the word about the brand. *The key point to recognize is that the power of the brand and its ultimate value to the firm resides with customers*. It is through customers learning about and experiencing a brand that they end up thinking and acting in a way that allows the firm to reap the benefits of brand equity. Although marketers must take responsibility for designing and implementing the most effective and efficient brand-building marketing programs possible, the success of those marketing efforts ultimately depends on how consumers respond. This response, in turn, depends on the knowledge that has been created in their minds for those brands.

DON'T TAKE SHORTCUTS WITH BRANDS

The brand resonance model reinforces the fact that there are no shortcuts in building a brand. As was noted above, a great brand is not built by accident but is the product of carefully accomplishing – either explicitly or implicitly – a series of four logically linked steps with consumers with the following branding objectives:

1. Deep, broad brand awareness,
2. Points-of-parity and points-of-difference in performance and imagery,
3. Positive, accessible thoughts and feelings, and
4. Intense, active loyalty.

The more explicitly the steps are recognized and defined as concrete goals, the more likely it is that they will receive the proper attention and thus be fully realized, providing the greatest contribution to brand building. *The length of time to build a strong brand will therefore be directly proportional to the amount of time it takes to create sufficient awareness and understanding so that firmly held and felt beliefs and attitudes about the brand are formed that can serve as the foundation for brand equity*.

The brand-building steps may not be equally difficult. In particular, creating brand identity is a step that an effectively designed marketing program can often accomplish in a relatively short period of time. Unfortunately, this step is the one that many brand marketers tend to skip in their mistaken haste to quickly establish an image for the brand. It is difficult for consumers to appreciate the advantages and uniqueness of a brand unless they have some sort of frame of reference as to what the brand is supposed to do and with whom or what it is supposed to compete. Similarly, it is difficult for consumers to achieve high levels of positive responses without having a reasonably complete understanding of the various dimensions and characteristics of the brand.

Finally, due to circumstances in the marketplace, it may be the case that consumers may actually start a repeated-purchase or behavioral loyalty relationship with a brand without having much underlying feelings, judgments, or associations. Nevertheless, these other brand building blocks will have to come into place at some point to create true resonance. That is, although the start point may differ, the same steps in brand building eventually must occur to create a truly strong brand.

BRANDS SHOULD HAVE A DUALITY

One important point reinforced by the model is that a strong brand has a duality. A strong brand appeals to both the head and the heart. Thus, although there are perhaps two different ways to build loyalty and resonance-going up the left-hand side of the pyramid in terms of product-related performance associations and resulting judgments or going up the right-hand side in terms of non-product-related imagery associations and resulting feelings – strong brands often do both. *Strong brands blend product performance and imagery to create a rich, varied, but complementary set of consumer responses to the brand.*

By appealing to both rational and emotional concerns, a strong brand provides consumers with multiple access points to the brand while reducing competitive vulnerability. Rational concerns can satisfy utilitarian needs, whereas emotional concerns can satisfy psychological or emotional needs. Combining the two allows brands to create a formidable brand position. Consistent with this reasoning, a McKinsey study of 51 corporate brands found that having both distinctive physical *and* emotional benefits drove greater shareholder value, especially when the two were linked.

BRANDS SHOULD HAVE RICHNESS

The level of detail in the brand resonance model highlights the number of possible ways to create meaning with consumers and the range of possible avenues to elicit consumer responses. Collectively, these various aspects of brand meaning and the resulting responses produce strong consumer bonds to the brand. The various associations making up the brand image may be reinforcing, helping to strengthen or increase the favorability of other brand associations, or may be unique, helping to add distinctiveness or offset some potential deficiencies. Strong brands thus have both breadth (in terms of duality) and depth (in terms of richness).

At the same time, brands should not necessarily be expected to score highly on all the various dimensions and categories making up each core brand value. Building blocks can have hierarchies in their own right. For example, with respect to brand awareness, it is typically important to first establish category identification in some way before considering strategies to expand brand breadth via needs satisfied or benefits offered. With brand performance, it is often necessary to first link primary characteristics and related features before attempting to link additional, more peripheral associations. Similarly, brand imagery often begins with a fairly concrete initial articulation of user and usage imagery that, over time, leads to broader, more abstract brand associations of personality, value, history, heritage, and experience. Brand judgments usually begin with positive quality and credibility perceptions that can lead to brand consideration and then perhaps ultimately to assessments of brand superiority. Brand feelings usually start with either experiential ones (i.e., warmth, fun, and excitement) or inward ones (i.e., security, social approval, and self-respect.). Finally, resonance again has a clear ordering, whereby behavioral loyalty is a starting point but attitudinal attachment or a sense of community is almost always needed for active engagement to occur.

BRAND RESONANCE PROVIDES IMPORTANT FOCUS

As implied by the model construction, brand resonance is the pinnacle of the model and provides important focus and priority for decision making regarding marketing. Marketers building brands should use brand resonance as a goal and a means to interpret their brand-related marketing activities. The question to ask is: To what extent is marketing activity affecting the key dimensions of brand resonance – consumer loyalty, attachment, community, or engagement with the brand? Is marketing activity creating brand performance and imagery associations and consumer judgments and feelings that will support these brand resonance dimensions?

In an application of the brand resonance model, the marketing research firm Knowledge Networks found that brands that scored highest on loyalty and attachment dimensions were not necessarily the same ones that scored high on community and engagement dimensions.

Yet, it must also be recognized that it is virtually impossible for consumers to experience an intense, active loyalty relationship with all the brands they purchase and consume. Thus, some brands will be more meaningful to consumers than others, in part because of the nature of their associated product or service, the characteristics of the consumer, and so on. In those cases in which it may be difficult to create a varied set of feelings and imagery associations, marketers might not be able to obtain the "deeper" aspects of brand resonance (e.g., active engagement). Nevertheless, by taking a broader view of brand loyalty, marketers may be able to gain a more holistic appreciation for their brand and how it connects to consumers. By defining the proper role for the brand, higher levels of brand resonance should be obtainable.

CHAPTER 3
THE BRAND VALUE CHAIN

Our third and final model takes the broadest perspective. The brand value chain is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value. The brand value chain recognizes that numerous individuals within an organization can potentially affect brand equity and must be cognizant of relevant branding effects. Different individuals, however, make different brand-related decisions and need different types of information. Accordingly, the brand value chain provides insights to support brand managers, chief marketing officers, and managing directors and chief executive officers.

The brand value chain has several basic premises. Fundamentally, it assumes that the value of a brand ultimately resides with customers. Based on this insight, the model next assumes that the brand value creation process begins when the firm invests in a marketing program targeting actual or potential customers. The marketing activity associated with the program then affects the customer mindset with respect to the brand – what customers know and feel about the brand. As will be developed below, the customer mindset can be viewed in terms of the brand resonance model presented above. This mindset, across a broad group of customers, then results in certain outcomes for the brand in terms of how it performs in the marketplace – the collective impact of individual customer actions regarding how much and when they purchase, the price that they pay, and so forth. Finally, the investment community considers this market performance and other factors such as replacement cost and purchase price in acquisitions to arrive at an assessment of shareholder value in general and a value of the brand in particular.

The model also assumes that a number of linking factors intervene between these stages. These linking factors determine the extent to which value created at one stage transfers or "multiplies" to the next stage. Three sets of multipliers moderate the transfer between the marketing program and the subsequent three value stages: the program quality multiplier, the marketplace conditions multiplier, and the investor sentiment multiplier. The brand value chain model is summarized in Figure 6. This section describes the model ingredients (i.e., the value stages and multiplying factors) in more detail and provides examples of both positive and negative multiplier effects.

Value Stages

Brand value creation begins with marketing activity by the firm that influences customers in a way that affects how the brand performs in the marketplace and thus how it is valued by the financial community.

MARKETING PROGRAM INVESTMENT

Any marketing program investment that potentially can be attributed to brand value development, either intentional or not, falls into this first value stage. Specifically, some of the bigger marketing expenditures relate to product research, development, and design; trade or intermediary support; marketing communications (e.g., advertising, promotion, sponsorship, direct and interactive marketing, personal selling, publicity, and public relations); and employee training. The extent of financial investment committed to the marketing program, however, does not guarantee success in terms of brand value creation. Many marketers have spent billions of dollars in marketing activities and programs but due to questionably strategic and tactically ineffective campaigns., have seen competitors steal key market positions. The ability of a marketing program investment to transfer or multiply farther down the chain will thus depend on qualitative aspects of the marketing program via the program quality multiplier.

PROGRAM QUALITY MULTIPLIER

The ability of the marketing program to affect the customer mindset will depend on the quality of that program investment. There are a number of different means to judge the quality of a marketing program and many different criteria may be employed. To illustrate, four particularly important factors are as follows:

1. ***Clarity*** How understandable is the marketing program? Do consumers properly interpret and evaluate the meaning conveyed by brand marketing?
2. ***Relevance*** How meaningful is the marketing program to customers? Do consumers feel that the brand is one that should receive serious consideration?
3. ***Distinctiveness*** How unique is the marketing program from those offered by competitors? How creative or differentiating is the marketing program?
4. ***Consistency*** How cohesive and well integrated is the marketing program? Do all aspects of the marketing program combine to create the biggest impact with customers? Does the

marketing program relate effectively to past marketing programs and properly balance continuity and change, evolving the brand in the right direction?

Not surprisingly, a well-integrated marketing program that has been carefully designed and implemented to be highly relevant and unique to customers is likely to achieve a greater return on investment from marketing program expenditures. For example, despite being outspent by such beverage brand giants as Coca-Cola, Pepsi, and Budweiser, the California Milk Processor Board was able to reverse a decades-long decline in consumption of milk in California through their well-designed and executed "got milk?" campaign. On the other hand, numerous marketers have found that expensive marketing programs do not necessarily produce sales unless they are well conceived. For example, brands such as Michelob, Minute Maid, 7 Up and others have seen their sales slide in recent years despite solid marketing support because of poorly targeted and delivered marketing campaigns.

CUSTOMER MINDSET

A judicious marketing program investment could result in a number of different customer-related outcomes. Essentially, the issue is, in what ways have customers been changed as a result of the marketing program? How have those changes manifested themselves in the customer mindset? Remember that the customer mindset includes everything that exists in the minds of customers with respect to a brand: thoughts, feelings, experiences, images, perceptions, beliefs, attitudes, and so forth. Understanding customer mindset can have important implications for marketing programs.

A host of different approaches and measures are available to assess value at this stage. Our second model, the brand resonance model, captures the customer mind-set in much detail and fits into the brand value chain model here. One simple way to reduce the complexity of the brand resonance model into a simpler, more memorable structure is in terms of five key dimensions. The "5 A's" are a way to highlight key dimensions of the brand resonance model within the brand value chain model as particularly important measures of the customer mindset:

1. ***Brand awareness*** The extent and ease with which customers recall and recognize the brand and thus the salience of the brand at purchase and consumption.
2. ***Brand associations*** The strength, favorability, and uniqueness of perceived attributes and benefits for the brand in terms of points-of-parity and points-of-difference in performance and imagery.
3. ***Brand attitudes*** Overall evaluations of the brand in terms of the judgments and feelings it generates.
4. ***Brand attachment*** How intensely loyal the customer feels toward the brand. A strong form of attachment, *adherence*, refers to the consumer's resistance to change and the ability of a brand to withstand bad news (e.g., a product or service failure). In the extreme, attachment

can even become *addiction*.

5. ***Brand activity*** The extent to which customers are actively engaged with the brand such that they use the brand, talk to others about the brand, seek out brand information, promotions, and events, and so on.

An obvious hierarchy exists in these five dimensions of the brand resonance model: Awareness supports associations, which drive attitudes that lead to attachment and activity. According to the brand resonance model, brand value is created at this stage when customers have

1. deep, broad brand awareness;
2. appropriately strong and favorable points-of-parity and points-of-difference;
3. positive brand judgments and feelings;
4. intense brand attachment and loyalty; and
5. a high degree of brand engagement and activity.

Creating the right customer mindset can be critical in terms of building brand equity and value. AMD and Cyrix found that achieving performance parity with Intel's microprocessors did not reap initial benefits in 1998 when original equipment manufacturers were reluctant to adopt the new chips because of their lack of a strong brand image with consumers. Moreover, success with consumers or customers may not translate to success in the marketplace unless other conditions also prevail. The ability of this customer mindset to create value at the next stage depends on external factors designated in the marketplace conditions multiplier, as follows.

MARKETPLACE CONDITIONS MULTIPLIER

The extent to which value created in the minds of customers affects market performance depends on various contextual factors external to the customer. Three such factors are as follows:

1. ***Competitive superiority*** How effective are the quantity and quality of the marketing investment of other competing brands.
2. ***Channel and other intermediary support*** How much brand reinforcement and selling effort is being put forth by various marketing partners.
3. ***Customer size and profile*** How many and what types of customers (e.g., profitable or not) are attracted to the brand.

The value created in the minds of customers will translate to favorable market performance when competitors fail to provide a significant threat, when channel members and other intermediaries provide strong support, and when a sizable number of profitable customers are attracted to the brand.

The competitive context faced by a brand can have a profound effect on its fortunes. For example, both Nike and McDonald's have benefited in the past from the prolonged marketing woes of their main rivals, Reebok and Burger King, respectively. Both of these latter brands have suffered from numerous repositionings and management changes. On the other hand, MasterCard has had to contend for the past decade with two strong, well-marketed brands in Visa and American Express and consequently has faced an uphill battle gaining market share despite its well-received "Priceless" ad campaign. As another example, Clorox found its initially successful entry into the detergent market thwarted by competitive responses once major threats such as P&G entered (e.g., via Tide with Bleach). Similarly, Arm & Hammer's expansive brand extension program met major resistance in categories such as deodorants when existing competitors fought back.

MARKET PERFORMANCE

The customer mindset affects how customers react or respond in the marketplace in a six main ways. The first two outcomes relate to price premiums and price elasticities. How much extra are customers willing to pay for a comparable product because of its brand? And how much does their demand increase or decrease when the price rises or falls? A third outcome is market share, which measures the success of the marketing program to drive brand sales. Taken together, the first three outcomes determine the direct revenue stream attributable to the brand over time. Brand value is created with higher market shares, greater price premiums, and more elastic responses to price decreases and inelastic responses to price increases.

The fourth outcome is brand expansion, the success of the brand in supporting line and category extensions and new product launches into related categories. Thus, this dimension captures the ability to add enhancements to the revenue stream. The fifth outcome is cost structure or, more specifically, savings in terms of the ability to reduce marketing program expenditures because of the prevailing customer mindset. In other words, because customers already have favorable opinions and knowledge about a brand, any aspect of the marketing program is likely to be more effective for the same expenditure level; alternatively, the same level of effectiveness can be achieved at a lower cost because ads are more memorable, sales calls more productive, and so on. When combined, these five outcomes lead to brand profitability, the sixth outcome.

In short, brand value is created at this stage by building profitable sales volumes through a combination of these outcomes. The ability of the brand value created at this stage to reach the final stage in terms of stock market valuation again depends on external factors, this time according to the investor sentiment multiplier.

INVESTOR SENTIMENT MULTIPLIER

The extent to which the value engendered by the market performance of a brand is manifested in shareholder value depends on various contextual factors external to the brand itself. Financial analysts and investors consider a host of factors in arriving at their brand valuations and investment decisions. Among these considerations are the following:

1. ***Market dynamics*** What are the dynamics of the financial markets as a whole (e.g., interest rates, investor sentiment, or supply of capital)?
2. ***Growth potential*** What are the growth potential or prospects for the brand and the industry in which it operates? For example, how helpful are the facilitating factors and how inhibiting are the hindering external factors that make up the firm's economic, social, physical, and legal environment?
3. ***Risk profile*** What is the risk profile for the brand? How vulnerable is the brand likely to be to those facilitating and inhibiting factors?
4. ***Brand contribution*** How important is the brand as part of the firm's brand portfolio and all the brands it has?

The value created in the marketplace for the brand is most likely to be fully reflected in shareholder value when the firm is operating in a healthy industry without serious environmental hindrances or barriers and when the brand contributes a significant portion of the firm's revenues and appears to have bright prospects. The obvious examples of brands that benefited from a strong market multiplier – at least for a while – were the numerous dot-com brands, such as Pets.com, eToys, Boo.com, Webvan, and so on. The huge premium placed on their (actually negative) market performance, however, quickly disappeared – as in some cases did the whole company!

On the other hand, many firms have lamented what they perceive as undervaluation by the market. For example, repositioned companies such as Corning have found it difficult to realize what they viewed as their true market value due to lingering investor perceptions from their past (e.g., Corning's heritage in dishes versus its more recent emphasis on telecommunications; flat panel displays; and environmental, life sciences and semiconductor industries).

SHAREHOLDER VALUE

Based on all available current and forecasted information about a brand as well as many other considerations, the financial marketplace then formulates opinions and makes various assessments that have very direct financial implications for the brand value. Three particularly important indicators are the stock price, the price/earnings multiple, and overall market capitalization for the firm. Research has shown that not only can strong brands deliver greater returns to stockholders, they can do so with less risk.

Implications of the Brand Value Chain Model

According to the brand value chain, marketers create value first through shrewd investments in their marketing program and then by maximizing, as much as possible, the program, customer, and market multipliers that translate that investment into bottom-line financial benefits. The brand value chain thus provides a structured means for managers to understand where and how value is created and where to look to improve that process. Certain stages will be of greater interest to different members of the organization.

Brand and category marketing managers are likely to be comparatively more interested in the customer mindset and the impact of the marketing program on customers. Chief marketing officers (CMOs), on the other hand, are likely to be comparatively more interested in market performance and the impact of customer mindset on actual market behaviors. Finally, a managing director or CEO is likely to be comparatively more interested in shareholder value and the impact of market performance on investment decisions.

The brand value chain has a number of implications. First, value creation begins with the marketing program investment. Therefore, a necessary – but not sufficient – condition for value creation is a well-funded, well-designed, and well-implemented marketing program. It is rare that marketers can get something for nothing.

Second, value creation, from a marketing perspective, involves more than the initial marketing investment. Each of the three multipliers can increase or decrease market value as it moves from stage to stage. In other words, value creation also involves ensuring that value transfers from stage to stage. Unfortunately, in many cases, factors that can inhibit value creation may be largely out of the hands of the marketer (e.g., investors' industry sentiment). Recognizing the uncontrollable nature of these factors is important to help put in perspective the relative success or failure of a marketing program to create brand value. Just as sports coaches cannot be held accountable for unforeseen circumstances such as injuries to key players and financial hardships that make it difficult to attract top talent, so marketers cannot necessarily be held accountable for certain market forces and dynamics.

Third, the brand value chain provides a detailed road map for tracking value creation that can facilitate marketing research and intelligence efforts. Each of the stages and multipliers has a set of measures by which it can be assessed. In general, there are three main sources of information, and each source of information taps into one value stage and one multiplier. The first stage, the marketing program investment, is straightforward and can come from the marketing plan and budget. Customer mindset and the program quality multiplier can both be assessed by quantitative and qualitative customer research. Market performance and the marketplace conditions multiplier can both be captured through market scans and internal accounting records. Finally, shareholder value and the investor sentiment multiplier can be estimated through investor analysis and interviews.

There are many possible modifications to the brand value chain that can expand its relevance and applicability. First, a number of feedback loops are possible. For example, stock prices can have an important effect on employee morale and motivation. Second, in some cases, the value creation may not occur sequentially as depicted. For example, stock analysts may react to an ad campaign for the brand – either personally or in recognition of public acceptance – and factor those reactions directly into their investment assessments. Third, some marketing activity may have only very diffuse effects that are manifested over the long term. For example, cause–related or social responsibility marketing activity might affect customer or investor sentiment slowly over time. Fourth, it should be recognized that both the mean and variance of some of the measures of the brand value chain could matter. For example, in terms of the customer mindset, a niche brand may receive very high marks but only across a very narrow range of customers.

CONCLUSION

Brand planning is essential to successfully managing a brand. Three helpful brand planning models (and their key concepts and particular areas of emphasis) are:

1. ***Brand Positioning Model***
   (Category frames of reference; points-of-parity and points-of-difference; and brand mantra)
2. ***Brand Resonance Model***
   (Six building blocks: Salience, Performance, Imagery, Judgments, Feelings, and Resonance)
3. ***Brand Value Chain Model***
   (Value stages and multipliers)

In the remainder of this section, we offer a brief summary of key ingredients to each of the three models and a concluding comment.

Brand Positioning

Determining the desired brand knowledge structures involves positioning a brand in the minds of consumers. According to the customer-based brand equity model, deciding on a positioning requires determining a frame of reference (by identifying the target market and the nature of competition) and the ideal points-of-parity and points-of-difference brand associations. Determining the proper competitive frame of reference depends on understanding consumer behavior and the consideration sets that consumers adopt in making brand choices.

Points-of-difference are those associations that are unique to the brand that are also strongly held and favorably evaluated by consumers. Determining points-of-difference associations that are strong, favorable, and unique is based on desirability, deliverability, and differentiability considerations, which are combined to determine the resulting anticipated levels of sales and costs that might be expected with the positioning. Points-of-parity, on the other hand, are those associations that are not necessarily unique to the brand but may in fact be shared with other brands. Category point-of-parity associations are those associations that consumers view as being necessary to be a legitimate and credible product offering within a certain category. Competitive point-of-parity associations are those associations designed to negate competitor's points-of-differences. Deciding on these three components will then determine the brand positioning and dictate the desired brand knowledge structures.

A brand mantra is an articulation of the "heart and soul" of the brand. Brand mantras are short, three- to five-word phrases that capture the irrefutable essence or spirit of the brand positioning and brand values. Their purpose is to ensure that all employees within the organization as well as all external marketing partners understand what the brand most fundamentally is to represent with consumers so that they can adjust their actions accordingly.

Brand Resonance

The brand resonance model maintains that building a strong brand involves a series of logical steps: (1) establishing the proper brand identity, (2) creating the appropriate brand meaning, (3) eliciting the right brand responses, and (4) forging appropriate brand relationships with customers. Specifically, according to this model, building a strong brand involves establishing breadth and depth of brand awareness; creating strong, favorable, and unique brand associations; eliciting positive, accessible brand responses; and forging intense, active brand relationships. Achieving these four steps, in turn, involves establishing six brand building blocks: brand salience, brand performance, brand imagery, brand judgments, brand feelings, and brand resonance.

The strongest brands excel on all six of these dimensions and thus fully execute all four steps of building a brand. In the brand resonance model, the most valuable brand building block, brand resonance, occurs when all the other core brand values are completely "in sync" with respect to customers' needs, wants, and desires. In other words, brand resonance reflects a completely harmonious relationship between customers and the brand. Firms that are able to achieve resonance and affinity with their customers should reap a host of valuable benefits, such as greater price premiums and more efficient and effective marketing programs.

Thus, the basic premise of the brand resonance model is that the true measure of the strength of a brand depends on how consumers think, feel, and act with respect to that brand. Achieving brand resonance requires eliciting the proper cognitive appraisals and emotional reactions to the brand from customers. That, in turn, necessitates establishing brand identity and creating the right meaning in terms of brand performance and brand imagery associations. A brand with the right identity and meaning can result in a customer believing that the brand is relevant and "my kind of product." The strongest brands will be those brands for which consumers become so attached and passionate that they, in effect, become evangelists or missionaries and attempt to share their beliefs and spread the word about the brand.

Brand Value Chain

The brand value chain is a means to trace the value creation process for brands to better understand the financial impact of brand marketing expenditures and investments. Taking the customer's perspective of the value of a brand, the brand value chain assumes that the brand value creation process begins when the firm invests in a marketing program targeting actual or potential customers. Any marketing program investment that potentially can be attributed to brand value development falls into this category, for example, product research, development, and design; trade or intermediary support; and marketing communications.

The marketing activity associated with the program then affects the customer mindset with respect to the brand – what customers know and feel about the brand. The customer mindset includes everything that exists in the minds of customers with respect to a brand: thoughts, feelings, experiences, images, perceptions, beliefs, attitudes, and so forth. Consistent with the brand resonance model, five key dimensions that are particularly important measures of the customer mindset are brand awareness, brand associations, brand attitudes, brand attachment, and brand activity or experience.

The customer mindset affects how customers react or respond in the marketplace in a variety of ways. Six key outcomes of that response are price premiums, price elasticities, market share, brand expansion, cost structure, and brand profitability. Based on all available current and forecasted information about a brand, as well as many other considerations, the financial marketplace then formulates opinions and makes various assessments that have direct financial implications for the value of the brand. Three particularly important indicators are the stock price, the price/earnings multiple, and overall market capitalization for the firm.

The model also assumes that a number of linking factors intervene between these stages. These linking factors determine the extent to which value created at one stage transfers or "multiplies" to the next stage. Thus, there are three sets of multipliers that moderate the transfer between the marketing program and the subsequent three value stages: the program quality multiplier, the marketplace conditions multiplier, and the investor sentiment multiplier.

Final Comment

These three models offer a comprehensive, integrated approach to brand planning. Thoughtfully applying these models should allow marketers to: 1) establish competitive advantages in the minds of customers in the marketplace; 2) create intense, activity loyalty relationships with customers; and 3) trace the value creation process to better understand the financial impact of marketing expenditures and investments.

Combined, the three models offer a number of valuable benefits for marketers. Two benefits in particular are that, qualitatively, they help to guide and assess possible marketing actions and, quantitatively, they help to measure actual marketing effects. As is often the case in marketing, however, successful brand planning will ultimately depend on the ability of marketers to be analytical and systematic, as well as creative and inspired at the same time. These three models will hopefully assist marketers in both of those pursuits.

APPENDIX

This appendix outlines the sub-dimensions and key considerations for each of the six brand building blocks in the brand resonance model; Figure 6 contains a corresponding set of candidate measures for each building block.

Brand Salience

Brand salience refers to how easily and often a brand can be recalled. It is reflected in the depth and breadth of brand awareness. *Brand awareness* refers to customers' ability to recall and recognize the brand, as reflected by their ability to identify the brand under different conditions. In other words, how well do the brand elements (names, logos, symbols, packaging, etc.) serve the function of identifying the product? Brand awareness is more than just customers knowing the brand name and having previously seen it, perhaps even many times. Brand awareness also involves linking the brand to certain associations in memory.

How do you create brand awareness? In the abstract, brand awareness is created by increasing the familiarity of the brand through repeated exposure, although this is generally more effective for brand recognition than for brand recall. That is, the more a consumer "experiences" the brand by seeing it, hearing it, or thinking about it, the more likely it is that the brand will become strongly registered in memory. Thus, anything that causes consumers to experience a brand name, symbol, logo, character, packaging, or slogan can potentially increase familiarity and awareness of that brand element. Examples include a wide range of communication options such as advertising and promotion, sponsorship and event marketing, publicity and public relations, and outdoor advertising. Moreover, it is important to visually and verbally reinforce the brand name with a full complement of brand elements (e.g., in addition to its name, Intel uses the Intel Inside logo, its distinctive symbol and its catchy jingle to enhance its awareness in multiple ways).

Although brand repetition increases the strength of the brand node in memory, and thus its recognizability, improving recall of the brand requires linkages in memory to appropriate product categories or other situational purchase or consumption cues. In particular, to build awareness, it is often desirable to develop a slogan or jingle that creatively pairs the brand and the appropriate category or purchase or consumption cues (and, ideally, the brand positioning as well, in terms of building a positive brand image). Additional use can be made of the other brand elements – logos, symbols, characters, and packaging.

The manner by which the brand and its corresponding product category are paired (e.g., as with an advertising slogan) will be influential in determining the strength of product category links. For brands with strong category associations (e.g., Ford cars), the distinction between brand recognition and recall may not matter much – consumers thinking of the category are likely to think of the brand. For brands that may not have the same level of initial category awareness (e.g., in competitive markets or when the brand is new to the category), it is more important to emphasize category links in the marketing program. Moreover, strongly linking the brand to the proper category or other relevant cues may become especially important over time if the product meaning of the brand changes (e.g., through brand extensions or mergers or acquisitions).

Many marketers have attempted to create brand awareness through so-called shock advertising with bizarre themes. For example, at the height of the dot-com boom, online retailer Outpost.com used ads featuring gerbils shot through cannons, wolverines attacking marching bands, and preschoolers having the brand name tattooed on their foreheads. The problem with such approaches is that they invariably fail to create strong category links because the product is just not prominent enough in the ad, thus inhibiting brand recall. They also can generate a fair amount of ill will in the process. Often coming across as desperate measures, they rarely provide a foundation for long-term brand equity. In the case of Outpost.com, most potential customers did not have a clue as to what the company was about.

In short, brand awareness is created by increasing the familiarity of the brand through repeated exposure (for brand recognition) and strong associations with the appropriate product category or other relevant purchase or consumption cues (for brand recall). Building brand awareness involves helping customers to understand the product or service category in which the brand competes. There must be clear links regarding what products or services are sold under the brand name. At a broader, more abstract level, however, brand awareness also means making sure that customers know which of their "needs" the brand – through these products – is designed to satisfy. In other words, what basic functions does the brand provide to customers?

BREADTH AND DEPTH OF AWARENESS

Creating brand awareness thus involves giving the product an identity by linking brand elements to a product category and associated purchase and consumption or usage situations. From a strategic standpoint, it is important to have high levels of brand awareness under a variety of conditions and circumstances. Brand awareness can be characterized according to depth and breadth. The *depth* of brand awareness concerns the likelihood that a brand element will come to mind and the ease with which it does so. For example, a brand that can be easily recalled has a deeper level of brand awareness than one that only can be recognized. The *breadth* of brand awareness concerns the range of purchase and usage situations in which the brand element comes to mind. The breadth of brand awareness depends to a large extent on the organization of brand and product knowledge in memory.

To illustrate some of the issues involved, consider the breadth and depth of brand awareness for a brand such as Minute Maid orange juice.

MINUTE MAID

At the most basic level, it is necessary that consumers recognize the Minute Maid brand when it is presented or exposed to them. Beyond that, consumers should think of Minute Maid whenever they think of orange juice, particularly when they are considering a purchase in that category. Additionally, consumers ideally would think of Minute Maid whenever they were deciding which type of beverage to drink, especially when seeking a "tasty but healthy" beverage – some of the needs presumably satisfied by orange juice. Thus, consumers must think of Minute Maid in terms of satisfying a certain set of needs whenever those needs arise. One of the challenges for any provider of orange juice in that regard is to link the product to usage situations outside of the traditional breakfast usage situation – hence the industry campaign to boost consumption of Florida orange juice that used the slogan "It's not just for breakfast anymore."

PRODUCT CATEGORY STRUCTURE

As suggested by the Minute Maid example, to fully understand brand salience and brand recall, it is important to appreciate *product category structure*, or how product categories are organized in memory. Typically, marketers assume that products are grouped at varying levels of specificity and can be organized in a hierarchical fashion. Thus, in consumers' minds, a product hierarchy often exists, with product class information at the highest level, product category information at the second-highest level, product type information at the next level, and brand information at the lowest level.

The beverage market provides a good setting to examine issues in category structure and the effects of brand awareness on brand equity. Consider one possible hierarchy that might exist in consumers' minds. Consumers may first distinguish between flavored or nonflavored beverages (i.e., water). Next, they may distinguish between nonalcoholic and alcoholic flavored beverages. Nonalcoholic beverages are further distinguished in consumers' minds by whether they are hot (e.g., coffee or tea) or cold (e.g., milk, juices, or soft drinks); alcoholic beverages are further distinguished by whether they are wine, beer, or distilled spirits. Even further distinctions are possible. For example, the beer category could be further divided into no-alcohol, low-alcohol (or "light"), and full-strength beers. Full-strength beers can be further distinguished along a number of different dimensions – by variety (e.g., ale or lager), by brewing method (e.g., draft, ice, or dry), by price and quality (e.g., discount, premium, or super-premium), and so on.

The organization of the product category hierarchy that generally prevails in memory will play an important role in consumer decision making. For example, consumers often make decisions in what could be considered a top-down fashion. Based on this simple representation, a consumer would first decide whether to have water or some type of flavored beverage. If the consumer chose a flavored drink, then the next decision would be whether or not to have an alcoholic or nonalcoholic drink, and so on. Finally, consumers might then choose the particular brand within the particular product category or product type in which they are interested.

The depth of brand awareness would then relate to the likelihood that the brand came to mind, whereas the breadth of brand awareness would relate to the different types of situations in which the brand might come to mind. In general, soft drinks have great breadth of awareness in that they come to mind in a variety of different consumption situations. A consumer may consider drinking one of the different varieties of Coke virtually anytime, anywhere. Other beverages, such as alcoholic beverages, milk, and juices, have much more limited perceived consumption situations.

STRATEGIC IMPLICATIONS

Understanding the product hierarchy has important implications for how to improve brand awareness, as well as how to properly position the brand (as was discussed above). In terms of building awareness, in many cases, it is not only the depth of awareness that matters but also the breadth of awareness and properly linking the brand to various categories and cues in consumers' minds. In other words, it is important that the brand not only be top-of-mind and have sufficient "mind share," but it must also do so at the right times and places. Breadth is an oft-neglected consideration, even for brands that are category leaders. For many brands, the key question is not whether consumers can recall the brand but where they think of the brand, when they think of the brand, and how easily and often they think of the brand.

In particular, many brands and products are ignored or forgotten during possible usage situations. Increasing the salience of the brand in those settings can be an effective means to drive consumption and increase sales volume. For example, tax preparer H&R Block launched a marketing campaign that attempted to establish the company in the minds of consumers as a "year-round financial services provider" that could provide help with mortgages, insurance, investments, banking, and financial planning services at any time and not just at tax time.

In some cases, the best route for improving sales for a brand is not by improving consumer attitudes toward the brand but, instead, by increasing the breadth of brand awareness and situations in which consumers would consider using the brand. Consider the marketing challenges for Campbell's soup.

CAMPBELL'S SOUP

> Ads for Campbell's soup through the years have emphasized either taste (with their long-time advertising slogan "Mmm, Mmm, Good") or nutrition (with the advertising slogan "Never Underestimate the Power of Soup"). Part of Campbell's difficulty in increasing sales may lie not so much with the attitudinal considerations addressed by those ad campaigns as with memory considerations and the fact that people do not think of eating soup as often as they should for certain meal occasions. For example, although soup is often eaten as a side dish or appetizer when people dine at restaurants, it is probably often overlooked for more common dinner occasions at home. Creating a communication program for those consumers who already have a favorable attitude toward soup that will help them remember it in more varied consumption settings may be the most profitable way to grow the Campbell's soup franchise.

In other words, it may be harder to try to *change* existing brand attitudes than to *remind* people of their existing attitudes toward a brand in additional, but appropriate, consumption situations.

The next section describes the two main types of brand meaning – brand performance and brand imagery – and the subcategories within each of those two building blocks that exist at the next level of the branding ladder.

Brand Performance

The product or service itself is at the heart of brand equity, because it is the primary influence on what consumers experience with a brand, what they hear about a brand from others, and what the firm can tell customers about the brand in their communications. Designing and delivering a product or service that fully satisfies consumer needs and wants is a prerequisite for successful marketing. To create brand loyalty and resonance, consumers' experiences with the product must at least meet, if not actually surpass, their expectations. Numerous studies have shown that high-quality brands tend to perform better financially (e.g., yielding higher returns on investment).

Brand performance relates to the ways in which the product or service attempts to meet customers' more functional needs. Thus, brand performance refers to the intrinsic properties of the brand in terms of inherent product or service characteristics. How well does the brand rate on objective assessments of quality? To what extent does the brand satisfy utilitarian, aesthetic, and economic customer needs and wants in the product or service category?

Brand performance transcends the ingredients and features that make up the product or service to encompass aspects of the brand that augment these characteristics. Any of these different performance dimensions can serve as a means by which the brand is differentiated. Often, the strongest brand positioning involves performance advantages of some kind, and it is rare that a brand can overcome severe deficiencies on these dimensions. The specific performance attributes and benefits making up functionality will vary widely by category. Nevertheless, there are five important types of attributes and benefits that often underlie brand performance, as follows:

1. ***Primary ingredients and supplementary features***. Customers often have beliefs about the levels at which the primary ingredients of the product operate (e.g., low, medium, high, or very high). Additionally, they may have beliefs as to special, perhaps even patented, features or secondary elements of a product that complement these primary ingredients. Thus, some attributes are essential ingredients necessary for a product to work, whereas other attributes are supplementary features that allow for customization and more versatile, personalized usage. These types of attributes vary by product or service category.

2. ***Product reliability, durability, and serviceability***. Customers can view the performance of products or services in a broad manner. *Reliability* refers to the consistency of performance over time and from purchase to purchase. *Durability* refers to the expected economic life of the product. *Serviceability* refers to the ease of servicing the product if it needs repair. Thus, perceptions of product performance are affected by factors such as the speed, accuracy, and care of product delivery and installation; the promptness, courtesy, and helpfulness of customer service and training; and the quality of repair service and the time involved.

3. ***Service effectiveness, efficiency, and empathy***. Customers often have performance-related associations that relate to the service interactions they have with brands. Along those lines, service effectiveness refers to how completely the brand satisfies customers' service requirements. Service efficiency refers to the manner by which these services are delivered in

terms of speed, responsiveness, and so forth. Finally, service empathy refers to the extent to which service providers are seen as trusting, caring, and having the customer's interests in mind.

4. ***Style and design***. Consumers may have associations with the product that go beyond its functional aspects to more aesthetic considerations such as its size, shape, materials, and color involved. Thus, performance may also depend on sensory aspects such as how a product looks and feels, and perhaps even what it sounds or smells like.

5. ***Price***. The pricing policy for the brand can create associations in consumers' minds to the relevant price tier or level for the brand in the category, as well as to its corresponding price volatility or variance (in terms of the frequency or magnitude of discounts, etc.). In other words, the pricing strategy adopted for a brand can dictate how consumers categorize the price of the brand (e.g., as low, medium, or high priced) and how firm or flexible that price is seen (e.g., as frequently or infrequently discounted). Price is a particularly important performance association because consumers often have strong beliefs about the price and value of a brand and may organize their product category knowledge in terms of the price tiers of different brands.

Brand Imagery

The other main type of brand meaning involves brand imagery. Brand imagery deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs. Brand imagery is how people think about a brand abstractly, rather than what they think the brand actually does. Thus, imagery refers to more intangible aspects of the brand. For example, take a brand with rich brand imagery, such as Nivea skin cream in Europe. Some of its more intangible associations include: family/shared experiences/maternal; multi-purpose; classic/timeless; and childhood memories.

Imagery associations can be formed directly (from a consumer's own experiences and contact with the product, brand, target market, or usage situation) or indirectly (through the depiction of these same considerations as communicated in brand advertising or by some other source of information, such as word of mouth). Many kinds of intangibles can be linked to a brand, but four categories can be highlighted:

1. ***User profiles***. One set of brand imagery associations is the type of person or organization who uses the brand. This imagery may result in a profile or mental image by customers of actual users or more aspirational, idealized users. Associations of a typical or idealized brand user may be based on descriptive demographic factors or more abstract psychographic factors. Demographic factors might include the following gender, age, race, or income;

psychographic factors might include attitudes toward life, careers, possessions, social issues, or political institutions, for example, a brand user might be seen as iconoclastic or as more traditional and conservative. User imagery may focus on more than characteristics of just one type of individual and center on broader issues in terms of perceptions of a group as a whole. For example, customers may believe that a brand is used by many people and therefore view the brand as "popular" or a "market leader."

2. ***Purchase and usage situations***. A second set of associations is under what conditions or situations the brand could or should be bought and used. Associations of a typical purchase situation may be based on a number of different considerations, such as type of channel (e.g., seen as sold through department stores, specialty stores, or direct through the Internet or some other means), specific stores (e.g., Macy's, Foot Locker, or Bluefly.com), and ease of purchase and associated rewards (if any). Similarly, associations of a typical usage situation may be based on a number of different considerations, such as particular time of the day, week, month, or year to use the brand; location to use the brand (e.g., inside or outside the home); and type of activity where the brand is used (e.g., formal or informal). For a long time, pizza chain restaurants had strong associations to their channels of distribution and the manner by which customers would purchase and eat the pizza – Domino's was known for delivery, Little Caesar for carryout, and Pizza Hut for dine-in service – although in recent years each of these major competitors has made inroads in the traditional markets of the others.

3. ***Personality and values***. Brands may also take on personality traits. A brand, like a person, can be characterized as being "modern," "old-fashioned," "lively," or "exotic." Brand personality reflects how people feel about a brand as a result of what they think the brand is or does, the manner by which the brand is marketed, and so on. Brands may also take on values. Brand personality is often related to the descriptive usage imagery but also involves much richer, more contextual information. Five dimensions of brand personality (with corresponding subdimensions) that have been identified are sincerity (e.g., down-to-earth, honest, wholesome, and cheerful), excitement (e.g., daring, spirited, imaginative, and up-to-date), competence (e.g., reliable, intelligent, successful), sophistication (e.g., upper class and charming), and ruggedness (e.g., outdoorsy and tough). Consumers often choose and use brands that have a brand personality that is consistent with their own self-concept, although in some cases the match may be based on consumer's desired self-image rather than their actual image. These effects may also be more pronounced for publicly consumed products than for privately consumed goods. On the other hand, consumers who are high "self-monitors" (i.e., sensitive to how others see them) are more likely to choose brands whose personalities fit the consumption situation.

4. ***History, heritage, and experiences***. Finally, brands may take on associations to their past and certain noteworthy events in the brand history. These types of associations may

involve distinctly personal experiences and episodes or be related to past behaviors and experiences of friends, family, or others. Consequently, these types of associations may be fairly idiosyncratic across people, although sometimes exhibiting certain commonalities. Alternatively, these associations may be more public and broad-based and therefore be shared to a larger degree across people. For example, there may be associations to aspects of the marketing program for the brand such as the color of the product or look of its package, the company or person that makes the product and the country in which it is made, the type of store in which it is sold, the events for which the brand is a sponsor, and the people who endorse the brand. In either case, associations to history, heritage, and experiences involve more specific, concrete examples that transcend the generalizations that make up the usage imagery. In the extreme case, brands become iconic by combining all these types of associations into what is in effect a myth, tapping into enduring consumer hopes and dreams. For example, Mountain Dew has developed a "rebel myth" with advertising showing "exciting, vital men who are far from the ideological model of success."

Brand meaning is what helps to produce brand responses. We next consider the two main types of brand responses – brand judgments and brand feelings – and the subcategories within each of those two building blocks.

Brand Judgments

Customers may make all types of judgments with respect to a brand, but in terms of creating a strong brand, four types of summary brand judgments are particularly important: quality, credibility, consideration, and superiority.

BRAND QUALITY

Brand attitudes are defined in terms of consumers' overall evaluations of a brand. Brand attitudes are important because they often form the basis for actions and behavior that consumers take with the brand (e.g., brand choice). Consumers' brand attitudes generally depend on specific considerations concerning the attributes and benefits of the brand. For example, consider Four Seasons hotels. A consumer's attitude toward Four Seasons depends on how much he or she believes that the brand is characterized by certain associations that matter to the consumer for a hotel chain (e.g., location convenience; room comfort, design, and appearance; service quality of staff; recreational facilities; food service; security; prices; and so on).

There are a host of attitudes that customers may hold toward brands, but the most important relate in various ways to the perceived quality of the brand. Other notable attitudes related to quality pertain to perceptions of value, satisfaction, likelihood of referrals.

BRAND CREDIBILITY

Customers may form judgments that transcend more specific brand quality concerns to consider broader issues related to the company or organization making the product or providing the service associated with the brand. In other words, customers may form judgments with respect to the company or organization behind the brand. *Brand credibility* is the extent to which consumers believe that a firm can design and deliver products and services for a brand that satisfy customer needs and wants. Thus, corporate credibility relates to the reputation that the brand has achieved in the marketplace. Corporate credibility, in turn, depends on three factors: perceived expertise, trustworthiness, and likability. Is the brand seen as (1) competent, innovative, and a market leader (brand expertise); (2) dependable and keeping customer interests in mind (brand trustworthiness); and (3) fun, interesting, and worth spending time with (brand likability)? In other words, credibility concerns whether consumers see the company or organization behind the brand as good at what they do, concerned about their customers, and just plain likable.

BRAND CONSIDERATION

Eliciting favorable brand attitudes and perceptions of credibility is important but may be insufficient if customers do not actually seriously consider the brand for possible purchase or usage. As noted earlier, consideration is more than mere awareness and deals with the likelihood that customers will include the brand in the set of possible options of brands they might buy or use. Consideration depends in part on how personally relevant customers find the brand, that is, the extent to which customers view the brand as being appropriate and meaningful to themselves. Thus, customers often make an overall appraisal as to whether they have any personal interest in a brand and whether they would or should ever buy a brand. Brand consideration is a crucial filter in terms of building brand equity. No matter how highly regarded or credible a brand may be, unless the brand also receives serious consideration and is deemed relevant, customers will keep a brand at a distance and never closely embrace it. Brand consideration depends in large part on the extent to which strong and favorable brand associations can be created as part of the brand image.

BRAND SUPERIORITY

Superiority relates to the extent to which customers view the brand as unique and better than other brands. In other words, do customers believe that the brand offers advantages that other brands cannot? Superiority is absolutely critical in terms of building intense and active relationships with customers and depends to a great degree on the number and nature of unique brand associations that make up the brand image.

Brand Feelings

More and more firms are attempting to tap into more consumer emotions with their brands. The following are six important types of brand-building feelings.

1. ***Warmth*** Soothing types of feelings; the brand makes consumers feel a sense of calm or peacefulness. Consumers may feel sentimental, warmhearted, or affectionate about the brand. Hallmark is a brand typically associated with warmth.
2. ***Fun*** Upbeat types of feelings; the brand makes consumers feel amused, lighthearted, joyous, playful, cheerful, and so on. Disney is a brand often associated with fun.
3. ***Excitement*** A different form of upbeat feeling; the brand makes consumers feel energized and feel that they are experiencing something special. Brands that evoke feelings of excitement may result in consumers feeling a sense of elation, of "being alive," or being cool, sexy, or so on. MTV is a brand seen by many teens and young adults as exciting.
4. ***Security*** The brand produces a feeling of safety, comfort, and self-assurance. As a result of the brand, consumers do not experience worry or concerns that they might have otherwise felt. Allstate insurance is a brand that communicates security to many.
5. ***Social approval*** The brand results in consumers having positive feelings about the reactions of others; that is, consumers feel that others look favorably on their appearance, behavior, and so on. This approval may be a result of direct acknowledgment of the consumer's use of the brand by others or may be less overt and a result of attribution of product use to consumers. Mercedes is a brand that may signal social approval to consumers.
6. ***Self-respect*** The brand makes consumers feel better about themselves; consumers feel a sense of pride, accomplishment, or fulfillment. A brand like Tide laundry detergent is able to link its brand to "doing the best things for the family" to many homemakers.

The first three types of feelings are experiential and immediate, increasing in level of intensity. The latter three types of feelings are private and enduring, increasing in level of gravity. These more enduring feelings can be further distinguished according to whether or not they are more internally oriented (sense of security) or more externally oriented (social approval). Self-respect is an even higher level emotional response, and in terms of the famous psychologist Abraham Maslow, more about actualization.

The emotions evoked by a brand can become so strongly associated that they are accessible during product consumption or use. Researchers have defined *transformational advertising* as advertising designed to change consumer's perceptions of the actual usage experience with the product. For example, through the years, brands such as Coast soap and Herbal Essence shampoo has been positioned through advertising as offering an energetic, revitalizing shower experience.

Brand Resonance

Brand resonance is the extent to which customers feel that they are "in synch" with the brand as reflected by the *intensity* or depth of the psychological bond that customers have with the brand and the level of *activity* engendered by this loyalty. Specifically, brand resonance can be broken down into four categories:

1. BEHAVIORAL LOYALTY

The first dimension of brand resonance is behavioral loyalty in terms of repeat purchases and the amount or share of category volume attributed to the brand, that is, the "share of category requirements." In other words, how often do customers purchase a brand and how much do they purchase? For bottom-line profit results, the brand must generate sufficient purchase frequencies and volumes. The lifetime value of behaviorally loyal consumers can be enormous. For example, a loyal General Motors customer could be worth $276,000 over his or her lifetime (assuming 11 or more vehicles bought and word-of-mouth endorsement that makes friends and relatives more likely to consider GM products). Similarly, experts have estimated that the lifetime value of a sophisticated computer user (defined as one who buys a new machine and software about every two years) is approximately $45,000. A nonsophisticated user who postpones purchases as long as possible was estimated to provide $25,000 in lifetime value.

2. ATTITUDINAL ATTACHMENT

Behavioral loyalty is necessary but not sufficient for resonance to occur. Some customers may buy out of necessity – buying because the brand is the only product being stocked or readily accessible, the only one they can afford to buy, and so on. Creating greater loyalty and resonance requires deeper attitudinal attachment, which can be generated by developing marketing programs and products and services that fully satisfy consumer needs. Customers should go beyond having a positive attitude to viewing the brand as being something special in a broader context. For example, customers with a great deal of attitudinal attachment to a brand may state that they "love" the brand, describe it as one of their favorite possessions, or view it as a "little pleasure" that they look forward to.

3. SENSE OF COMMUNITY

The brand may also take on broader meaning to the customer in terms of a sense of community. Identification with a brand community may reflect an important social phenomenon whereby customers feel a kinship or affiliation with other people associated with the brand. These connections may involve fellow brand users or customers or may involve employees or representatives of the company. They may also occur on-line or off-line. A stronger sense of community among loyal users can engender favorable brand attitudes and intentions. Here are examples of three brands that have established legendary brand communities.

APPLE

Apple encourages owners of its computers to form local Apple user groups. By 2005, there were over 700 groups, ranging in size from fewer than 25 members to over 1,000 members. The user groups provide Apple owners with opportunities to learn more about their computers, share ideas, and get product discounts, as well as sponsor special activities and events and perform community service. A visit to Apple's Web site helps customers find nearby user groups.

HARLEY-DAVIDSON

The world-famous motorcycle company sponsors the Harley Owners Group (HOG), which by 2005 had 900,000 members in chapter groups all over the world sharing a very simple mission, "To Ride and Have Fun." The first-time buyer of a Harley-Davidson motorcycle gets a free one-year membership. HOG benefits include a magazine called Hog Tales, a touring handbook, emergency road service, a specially designed insurance program, theft reward service, discount hotel rates, and a Fly & Ride program enabling members to rent Harleys while on vacation. The company also maintains an extensive Web site devoted to HOG, which includes information on club chapters and events and features a special members-only section.

JEEP

In addition to the hundreds of local Jeep enthusiast clubs throughout the world, Jeep owners can convene with their vehicles in wilderness areas across America as part of the company's official Jeep Jamborees and Camp Jeep. Since the inaugural Camp Jeep in 1995, over 28,000 people have attended the three-day sessions, where they practice off-road driving skills and meet other Jeep owners. Jeep Jamborees bring Jeep owners and their families together for two-day off-road adventures in more than 30 different locations from spring through autumn each year. Promising to be “every bit as muddy,” Camp Jeep on the Road hit eight cities in 2005 to allow existing and prospective Jeep 4x4 owners to put the vehicles through their paces on- and off-road.

4. ACTIVE ENGAGEMENT

Finally, perhaps the strongest affirmation of brand loyalty is when customers are willing to invest time, energy, money, or other resources in the brand beyond those expended during purchase or consumption of the brand. For example, customers may choose to join a club centered on a brand, receive updates, and exchange correspondence with other brand users or formal or informal representatives of the brand itself. They may choose to visit brand-related Web sites, participate in chat rooms, and so on. In this case, customers themselves became brand evangelists and ambassadors and help to communicate about the brand and strengthen the brand ties of others. Strong attitudinal attachment or social identity or both are typically necessary, however, for active engagement with the brand to occur.

Summary

In short, brand relationships can be usefully characterized in terms of two dimensions: intensity and activity. Intensity refers to the strength of the attitudinal attachment and sense of community. In other words, how deeply felt is the loyalty? Activity refers to how frequently the consumer buys and uses the brand, as well as engages in other activities not related to purchase and consumption. In other words, in how many different ways does brand loyalty manifest itself in day-to-day consumer behavior?

TYPICAL TRADITIONAL POSITIONING STATEMENT FORMAT

To ______________________________ ,
(Target Group/Need)

______________ **is the brand of** ______________________ ,
(Brand) *Frame of Reference (Perceptual)*

Competing Mainly With ______________________________
Frame of Reference (Competitive)

that ______________________________ ,
(Relevant Differentiating Benefit)

because ______________________________ .
(Reason to Believe)

The Brand Character is: ______________________________

figure 1

HYPOTHETICAL TRADITIONAL AMAZON POSITIONING STATEMENT

For the involved consumer who values an infinite amount of choices, Amazon.com is the virtual cookie jar, competing mainly stores of all kinds, that offers the perfect combination of convenience, service, selection and price, because Amazon.com offers a truly global selection of products.

Brand Character: Simple, Friendly, Empowering

figure 2

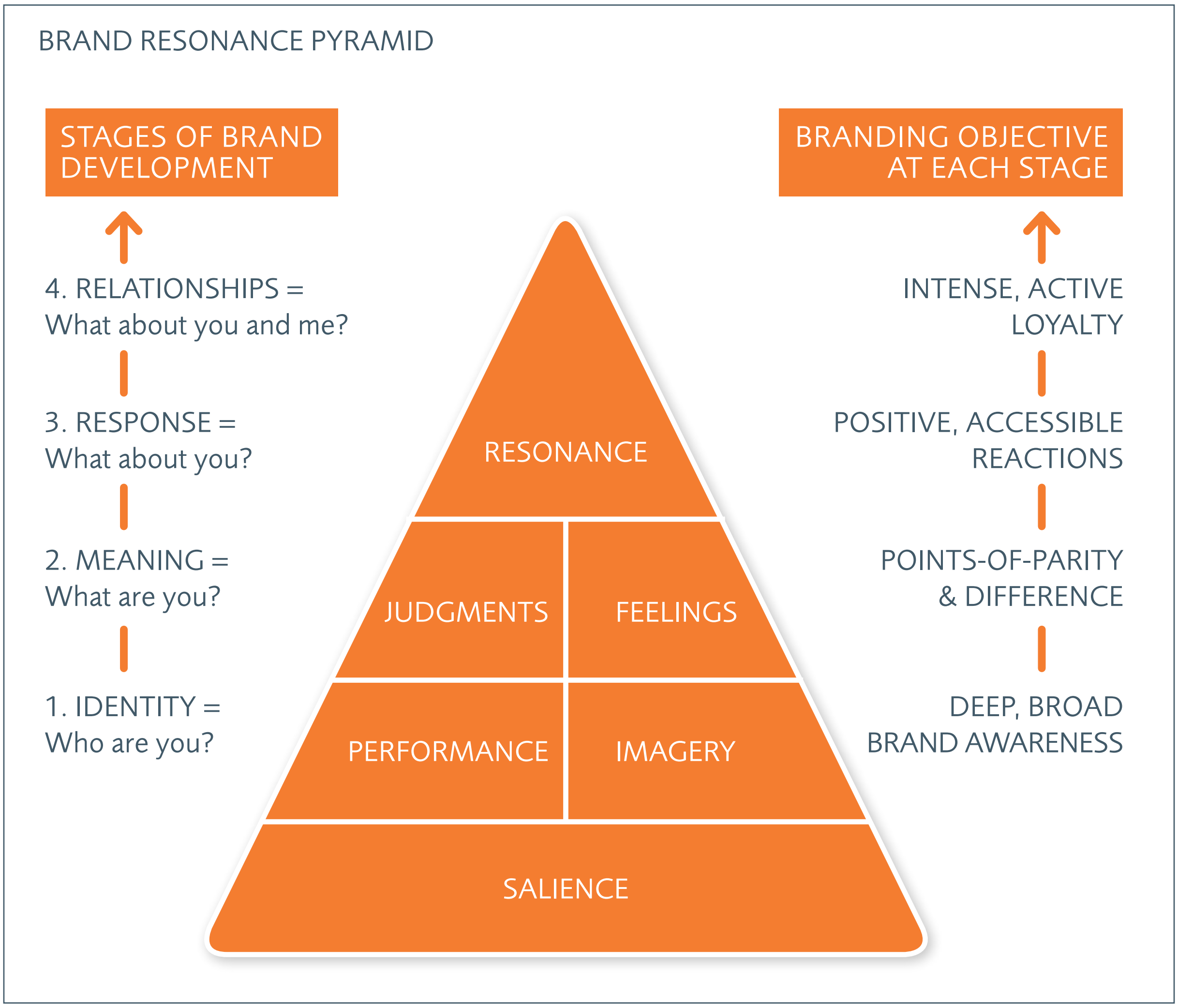
BRAND RESONANCE PYRAMID
STAGES OF BRAND DEVELOPMENT
4. RELATIONSHIPS = What about you and me?
3. RESPONSE = What about you?
2. MEANING = What are you?
1. IDENTITY = Who are you?
RESONANCE
JUDGMENTS
FEELINGS
PERFORMANCE
IMAGERY
SALIENCE
BRANDING OBJECTIVE AT EACH STAGE
INTENSE, ACTIVE LOYALTY
POSITIVE, ACCESSIBLE REACTIONS
POINTS-OF-PARITY & DIFFERENCE
DEEP, BROAD BRAND AWARENESS

figure 3

SUB-DIMENSIONS OF BRAND BUILDING BLOCKS

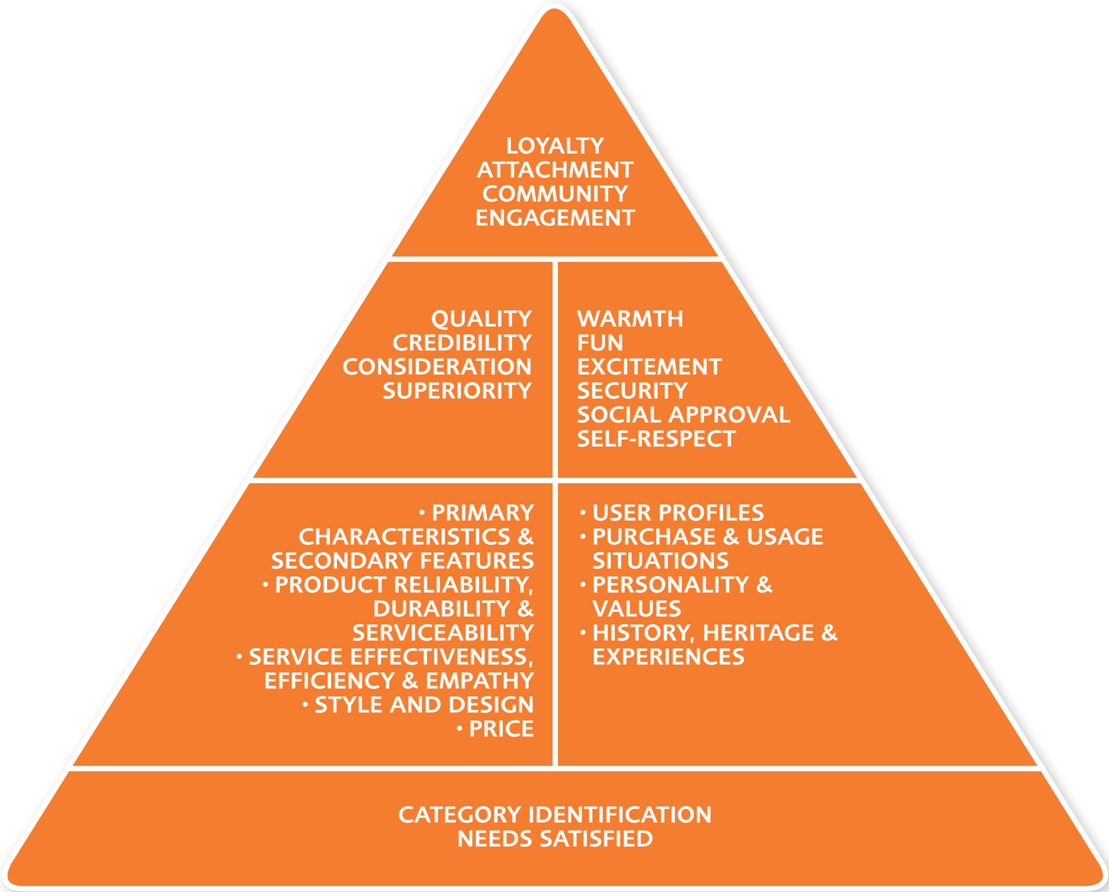

figure 4

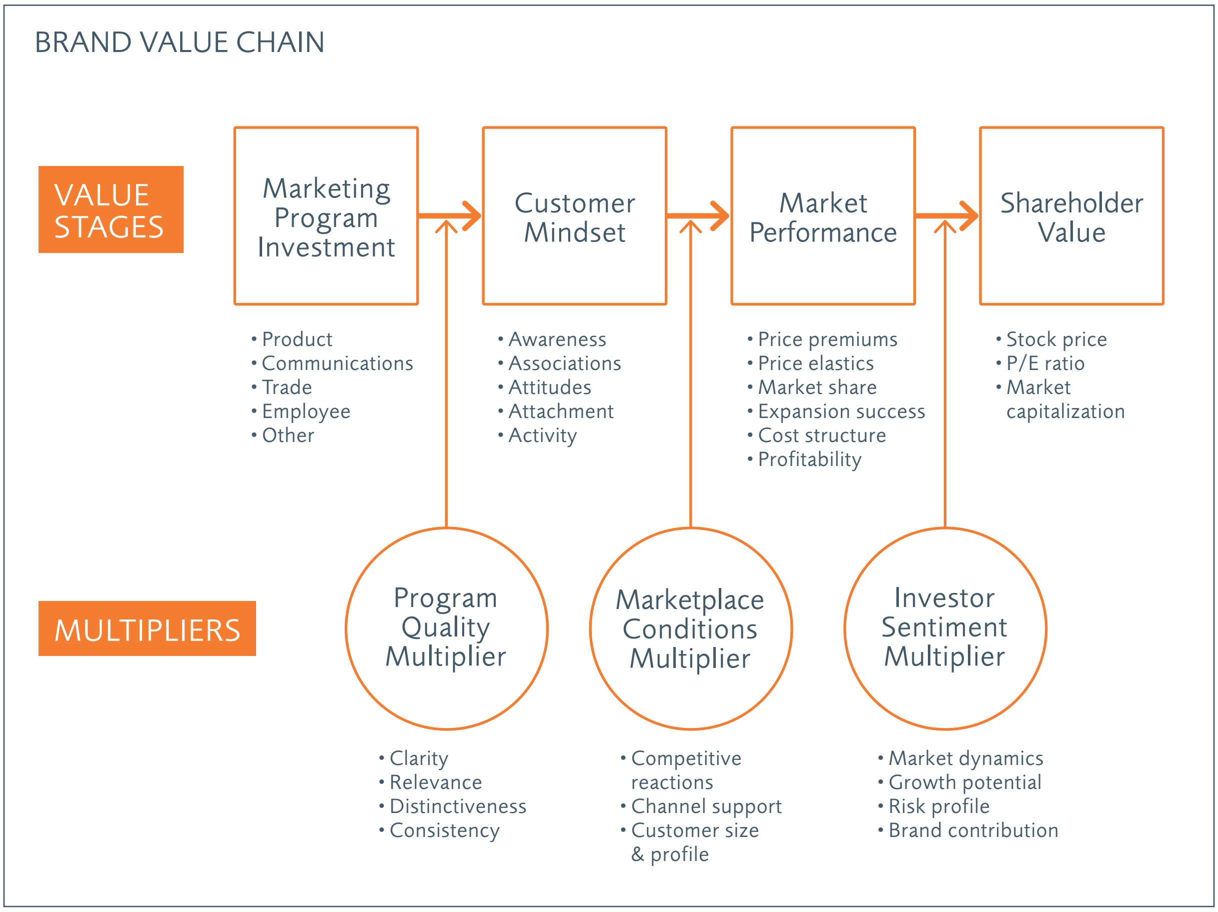
BRAND VALUE CHAIN
VALUE STAGES
Marketing Program Investment
Customer Mindset
Market Performance
Shareholder Value
• Product
• Communications
• Trade
• Employee
• Other
• Awareness
• Associations
• Attitudes
• Attachment
• Activity
• Price premiums
• Price elastics
• Market share
• Expansion success
• Cost structure
• Profitability
• Stock price
• P/E ratio
• Market capitalization
MULTIPLIERS
Program Quality Multiplier
Marketplace Conditions Multiplier
Investor Sentiment Multiplier
• Clarity
• Relevance
• Distinctiveness
• Consistency
• Competitive reactions
• Channel support
• Customer size & profile
• Market dynamics
• Growth potential
• Risk profile
• Brand contribution

figure 5

POSSIBLE MEASURES OF BRAND BUILDING BLOCKS

I. Salience

- What brands of product or service category can you think of? (using increasingly specific product category cues)
- Have you ever heard of these brands?
- Which brands might you be likely to use under the following situations …?
- How frequently do you think of this brand?

II. Performance

- Compared with other brands in the category, how well does this brand provide the basic functions of the product or service category?
- Compared with other brands in the category, how well does this brand satisfy the basic needs of the product or service category?
- To what extent does this brand have special features?
- How reliable is this brand?
- How durable is this brand?
- How easily serviced is this brand?
- How effective is this brand's service? Does it completely satisfy your requirements?
- How efficient is this brand's service in terms of speed, responsiveness, and so forth?
- How courteous and helpful are the providers of this brand's service?
- How stylish do you find this brand?
- How much do you like the look, feel, and other design aspects of this brand?
- Compared with other brands in the category with which it competes, are this brand's prices generally higher, lower, or about the same?
- Compared with other brands in the category with which it competes, do this brand's prices change more frequently, less frequently, or about the same amount?

III. Imagery

- To what extent do people you admire and respect use this brand?
- How much do you like people who use this brand?
- How well do the following words describe this brand: down-to-earth, honest, daring, up-to-date, reliable, successful, upper class, charming, outdoorsy?
- What places are appropriate to buy this brand?
- How appropriate are the following situations to use this brand?
- Can you buy this brand in a lot of places?
- Is this a brand that you can use in a lot of different situations?

→

figure 6

- To what extent does thinking of the brand bring back pleasant memories?
- To what extent do you feel you grew up with the brand?

IV. Judgments

Quality

- What is your overall opinion of this brand?
- What is your assessment of the product quality of this brand?
- To what extent does this brand fully satisfy your product needs?
- How good a value is this brand?

Credibility

- How knowledgeable are the makers of this brand?
- How innovative are the makers of this brand?
- How much do you trust the makers of this brand?
- To what extent do the makers of this brand understand your needs?
- To what extent do the makers of this brand care about your opinions?
- To what extent do the makers of this brand have your interests in mind?
- How much do you like this brand?
- How much do you admire this brand?
- How much do you respect this brand?

Consideration

- How likely would you be to recommend this brand to others?
- Which are your favorite products in this brand category?
- How personally relevant is this brand to you?

Superiority

- How unique is this brand?
- To what extent does this brand offer advantages that other brands cannot?
- How superior is this brand to others in the category?

V. Feelings

- Does this brand give you a feeling of warmth?
- Does this brand give you a feeling of fun?
- Does this brand give you a feeling of excitement?
- Does this brand give you a feeling of security?
- Does this brand give you a feeling of social approval? →

figure 6

- Does this brand give you a feeling of self-respect?

VI. Resonance

Loyalty

- I consider myself loyal to this brand.
- I buy this brand whenever I can.
- I buy as much of this brand as I can.
- I feel this is the only brand of this product I need.
- This is the one brand I would prefer to buy/use.
- If this brand were not available, it would make little difference to me if I had to use another brand.
- I would go out of my way to use this brand.

Attachment

- I really love this brand.
- I would really miss this brand if it went away.
- This brand is special to me.
- This brand is more than a product to me.

Community

- I really identify with people who use this brand.
- I feel like I almost belong to a club with other users of this brand.
- This is a brand used by people like me.
- I feel a deep connection with others who use this brand.

Engagement

- I really like to talk about this brand to others.
- I am always interested in learning more about this brand.
- I would be interested in merchandise with this brand's name on it.
- I am proud to have others know I use this brand.
- I like to visit the Web site for this brand.
- Compared with other people, I follow news about this brand closely.

It should be recognized that the core brand values at the bottom two levels of the pyramid – brand salience, performance, and imagery – are typically more idiosyncratic and unique to a product and service category than other brand values.

figure 6

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info@SOGiants.com

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