



a brand-inspired
marketing **primer**



DID YOU KNOW?

The word "brand" is derived from the Old Norse brandr meaning "to burn." It refers to the practice of producers burning their mark onto their products (i.e. cattle).



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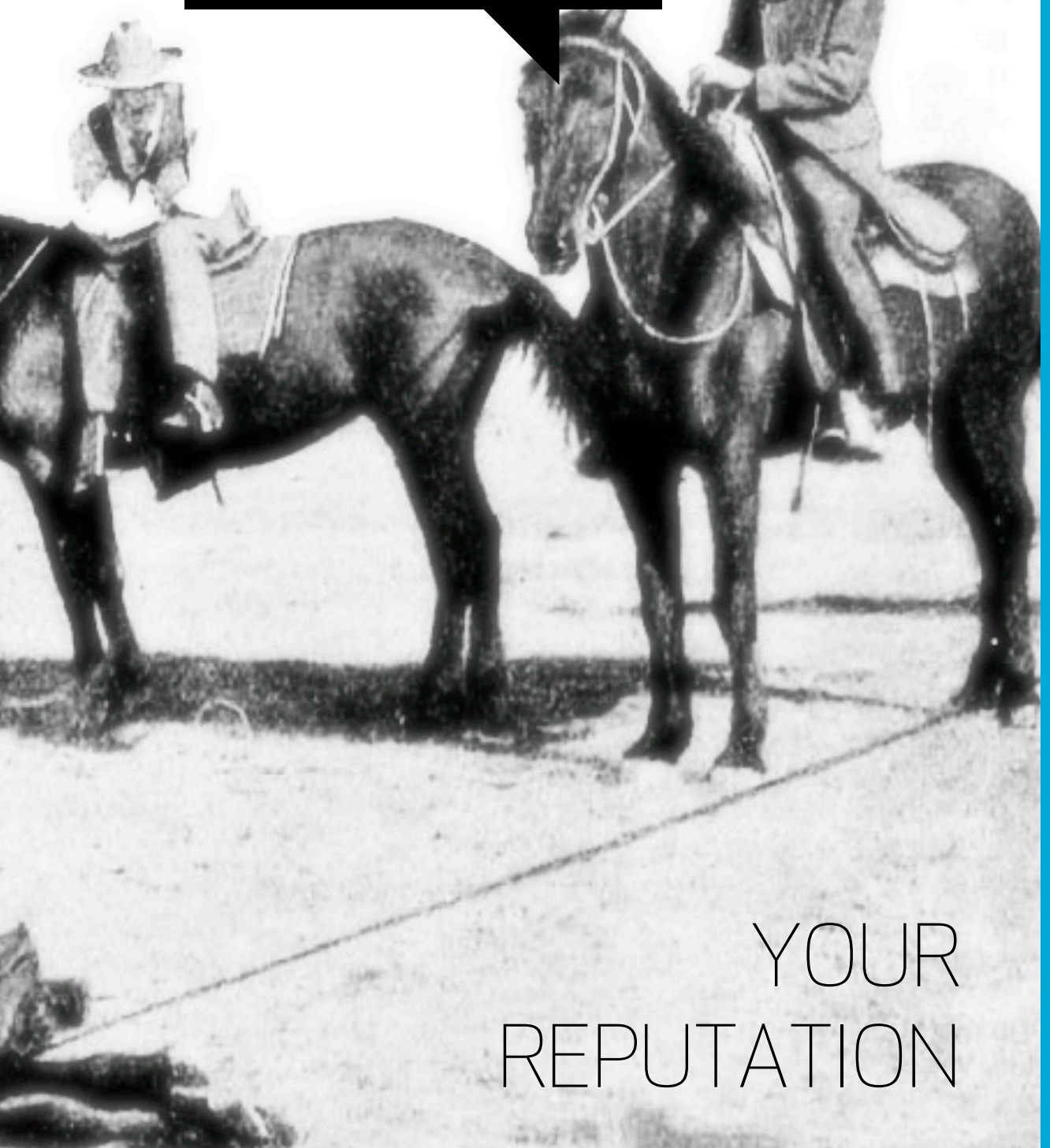
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WHAT IS A BRAND?

A brand is what people say, feel and think about an organization. It's a set of mental and experiential associations that, when taken together, tell the story of who you are.



*It's what we say about
you when you cowboys
leave the room.*



YOUR
REPUTATION

WHY DOES IT MATTER?

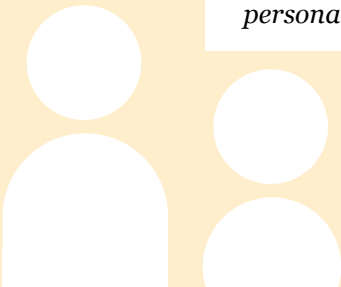
FOR CONSUMERS

strong brands add value

A strong brand allows organizations to stand out in a crowded marketplace and compete on aspects other than price. Strong brands help consumers build trusting relationships with them, and encourage customer loyalty.

I like the way this brand does business.

This brand reflects my personality.



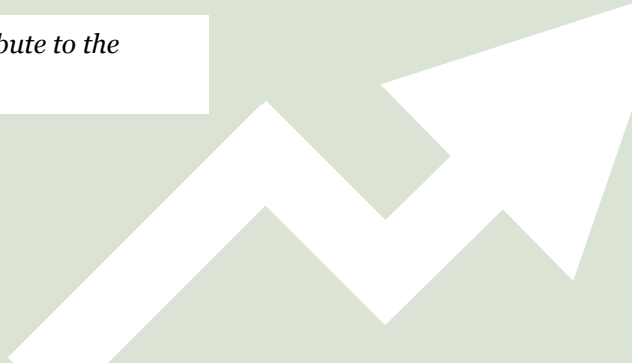
FOR MANAGERS

strong brands inform strategy

A well-defined brand gives all members of the organization a simple way of being on the same page and acts as a guide during the decision-making process.

Is this consistent with our brand values?

How does this contribute to the story of our brand?

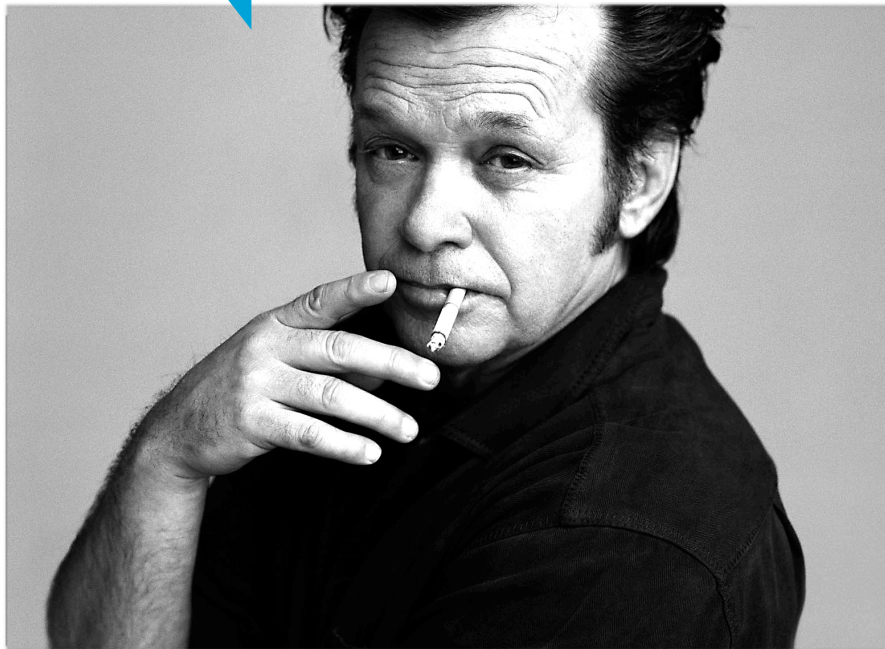


FIRST THINGS FIRST

A good first step in developing a strong brand is to define what your group's mission and values are. Start by asking this question.

What do you stand for? Why?

You've gotta stand right up for something or you're gonna fall for anything.



JOHN MELLENCAMP

Once you define **who you are**,
the task of expressing yourself and
iterating on that identity becomes
easier.

DEFINE
WHO YOU ARE

EXPRESS
WHO YOU ARE

UNDERSTAND

CLARIFY

CONNECT

IDENTITY

ASSETS

TOUCH POINTS

Principles
Beliefs
Personality
Attributes

Vision
Philosophy
Story

Story
Messages
Promise

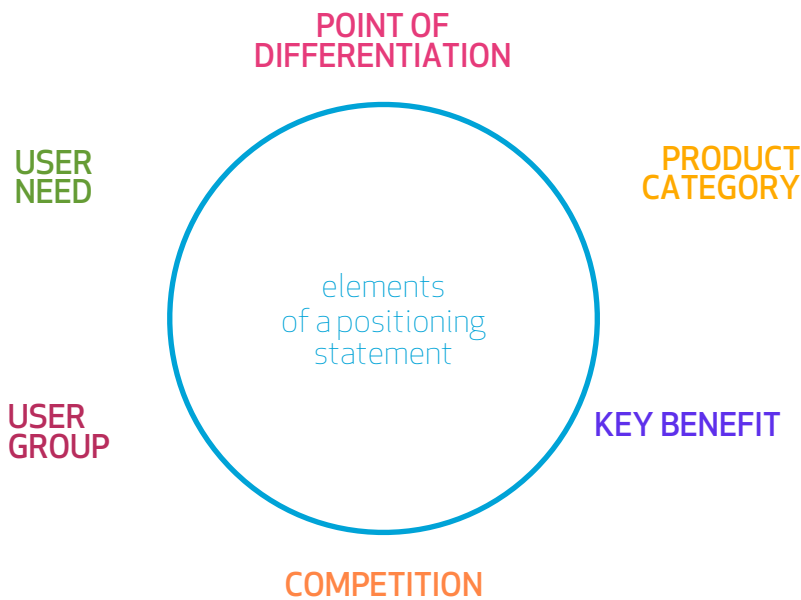
Symbols
Colors
Voice
Tone

Logos
Typography
Photography
Sound

Letterhead
Packaging
Website
Signage
Advertising
Spaces

YOUR PROMISE

Organizations that try to be everything to everybody quickly discover that there's no such thing as a one-size-fits-all brand. A clearly articulated positioning statement can help focus resources and promote consistency. For more, see the section on 'Strategize'.



POSITIONING STATEMENT MADLIB

For [target segment]
who [statement of need / opportunity],
the [name of product] is a [product category]
that [core benefit; i.e. a compelling reason to buy].
Unlike [competing alternative],
our product [key point of difference].

VISUAL IDENTITY

Logos and icons are only a few of the components of a brand's visual identity. The brand's presence on packaging, retail environments, advertisements, and websites should all be taken into account when developing a brand. Maintaining consistency across all of these platforms is essential.

the mark.

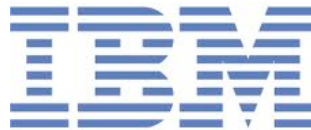
Logos, avatars and wordmarks are all common devices brands use to put their "stamp" on their product. They each have their strengths and weaknesses and can be used alone or in conjunction with one another.



LOGO



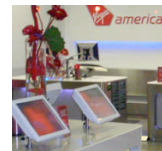
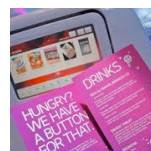
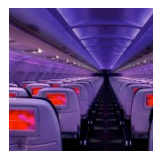
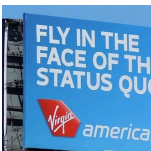
AVATAR



WORDMARK

the application.

Brands should be visually consistent across multiple platforms. This means that the brand's visual system needs to be both well-defined and flexible to accommodate multiple applications.



NAMING

Your name is the workhorse of your brand. It will be seen, read and heard more than any other aspect of your brand, so it's important to get it right.

CHARACTERISTICS OF GOOD NAMES

distinct.

Your name should stand out from the names of your competitors and carry some weight in a sentence.

brief.

Long, complex names are hard to remember. Oftentimes they are shortened into nicknames and initials.

appropriate.

Your name should not be generic. It should fit your organization as well as you fit it.

extensible.

Great names can suggest visual puns or wordplay that can be great for campaigns and product lines.

protectable.

You should "own" your name. Managing URLs, trademarks, and public perception are all part of staking your claim.

likable.

People should like using your name. Likable names get used more, which means free marketing for you.

easy to spell and say.

A name is no good if people can't spell or say it. People need to feel confident in their ability to use your name.



STUCK? CONSIDER . . .

acronym.

A name based on initials comes across as more formal. Examples : UPS, IBM, PWC.

alliteration and rhyme.

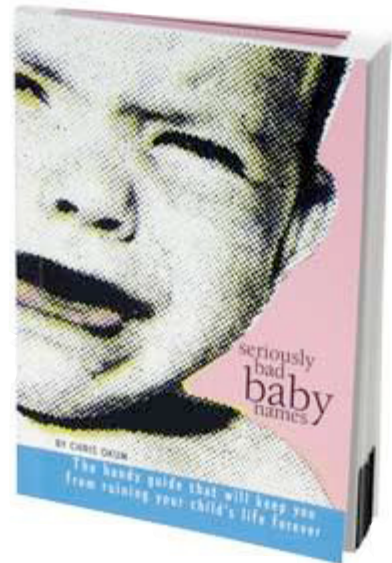
Rhyming and alliterative names such as Reese's Pieces or Dunkin' Donuts are fun to say and very catchy.

neologisms

Completely made up words like Wii, Kodak or Zynga can be useful when looking for available URLs but they have to catch on first!

founder's name.

Using the names of real people, and founders' names like Hewlett-Packard or Disney ties a company to iconic personalities.



descriptive.

Names that describe a product benefit or function like Whole Foods or Facebook are clear and to the point.

evocative.

Names that evoke vivid images relevant to the brand are creative ways of adding a visual component. Examples : Amazon, Crest.

foreign word.

Adopted words from other languages like Volvo or Samsung or even pseudo-foreign names like Haagen-Daaz can add desired cachet.

foreign word.

Brands can also be named for regions and landmarks like Cisco (short for San Francisco) and Fuji Film.

MARKETING 101

While we focused on engagement (step 4) in BEST, marketing and strategy basics are still at the heart of great brand. Whether the 3C's, STP or the 4P's, these frameworks will clarify your thinking.

The notes on Analyze, Strategize and Act on the following pages are compiled from the Stanford GSB MBA introductory marketing and strategy classes.

1

ANALYZE

customer.

Understand the basis for an exchange of value.
What does the customer want or need?
How much is the customer willing to pay?
How big is the potential market i.e. #customers?

competitor.

Understand how to sustain this exchange amidst competition.
How is your product similar to and different?
Why should a customer choose your product over others?
If you change, how will your competition react?

company.

Understand internal factors.
What are your corporate strengths and weaknesses?
What are your core competencies?
What is your essential vision?

2

STRATEGIZE

segment.

Describe your customers.
What are common characteristics that define them?
Can you build a composite profile of average customer?
If you have several distinct sets, how is each distinct?

target.

Choose which customers to serve.
Which customers are most likely to yield the greatest value?
Which relationships will be profitable?
Which relationships will be enduring?

position.

Define your key benefits, attributes and points of difference.
Why should your customers choose you over the competition?
Which attributes or features are most compelling to them?
Which attributes or features set you apart as distinct?

“ I’ve learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.

MAYA ANGELOU



3 ACT

product.

What are you selling?
How is it different from your competition?
How is your position defensible?

placement.

Where are you selling it?
Who controls distribution?
What costs and benefits of different channels?

promotion.

How are where are you promoting your product?
Who are you selling to?
Who makes the decision?

price.

How are you pricing in relation to the benefits, costs and substitutes?

4 ENGAGE

respond.

Sustainable brands consider their customers as participants. Cultivate them as part of your ecosystem. Figure out ways to respond to them in a timely manner, even if it is simply acknowledging them.

adjust.

As your customers react to your solution for them, make it easy for them to provide you feedback. Be nimble and adjust your interactions with them through social media and the four P's (which may take longer).

adapt.

Deep in the weeds? Zoom out again.
Take a look at how things have changed with the 3Cs.
Quickly adjust, but consider how to adapt long term.

ANALYZE

customer.

Customer Decisions

The decision-making process (DMP) and decision-making unit (DMU) are critical to formulating an effective marketing communications strategy. Note that the DMU may not necessarily be the purchaser or even user of your offering (product or service). Communicate to this person the *benefits not attributes* of your offering.

Decision-making unit

Initiator	Identifies the need
Influencer	Provides preference input
Decision Maker	Makes decision and authorizes payment
Purchaser	Makes actual purchase
Consumer	End user of the product

Decision-making process

Need / Problem recognition
Information search
Evaluation of alternatives
Purchase decision
Post-purchase behavior

Some questions to ask yourself about the steps your user is going through in the decision-making process.

- 1. Extended problem solving vs. Routinized response** : Is your customer repeatedly deciding upon your product in order to solve a problem or is their purchase a matter of habit? Ask yourself : Is your product more like cold medicine or is it more like deodorant?
- 2. Rational vs. emotional** : Cognitive effort can be high for each step in the DMP. For example, Doctors are clearly driven by rational processing unlike FMCG.
- 3. Develop customer pull** : For lifestyle products, you might want customers to ask. For example, when US laws were passed allowing drug companies to advertise Rx drugs to consumers directly, patients started to self diagnose and ask their doctors for drugs such as Viagra.

Customer Value

This may sound creepy but, in determining where to spend your budget on maintaining customer relationships, it is critical to understand how much revenue each type of customer is likely to generate over the course of their involvement with your brand.

Acquiring customers

Focus. You can waste a ton of money acquiring customers who do not stick. Any new customer involves some incremental cost. Often, acquiring a new customer cost a lot more than retaining an existing one.

Nurturing customer base

Your top 20% of customers will bring you 80% of your revenue. You may want to periodically discriminate to identify and nurture these profitable customers. Be firm. Either figure out how to maintain them or let them go.

Customer Lifetime Value

The longer a customer is retained, the longer the base profit is earned. We care about the development of CLV because this increases the margin that our company can earn repeatedly.

$$CLV = [(M-c) / (1-r+i)] - AC$$

M	Constant margin (revenue - cost)
C	Constant marketing cost per customer
R	Constant retention (probability of defection is 1-r)
i	Discount rate
AC	Acquisition cost

Customer loyalty

High brand preference and habit persistence both increase willingness to pay. (1) Brand preference involves advantage in evaluation (intentional purchase) and (2) Habit persistence circumvents evaluation (unconscious purchase, like a Windows XP upgrade).

Brand loyalty is worth a lot in perfect competition, but worth little in a monopoly. Be careful with perceived brand value from false loyalty – people who are loyal because they have no other choice e.g. when there is limited competition, high switching costs, proprietary technology, strong loyalty promotion programs (e.g. United frequent flyer).

Market Research

This is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation. It is used to identify and diagnose problems, evaluate alternative strategies and monitor performance.

Exploratory	Generate Hypotheses
Qualitative	(Focus groups / Depth Interviews)
Confirmatory	Test Hypothesis
Quantitative	(Test markets / Surveys / Experiments)

Qualitative Research

This may take the form of focus groups, user interviews, and/or observational research. For the most part, qualitative research lacks numerical measurement and analysis. However, the results are usually vivid and inspirational and this research can help explore and adjust a hypothesis as discussion settings allow new information to surface more naturally.

Quantitative Research

These are numerically-based research methods that take the form of surveys and experiments. Surveys should consist of carefully designed questions ordered in a specific manner targeted to an appropriate audience. Experiments allow for testing of causal relationships once a variable (such as price or amount of advertising) is determined.

To Consider : Question Design

- Open-ended vs. closed ended
- Question order (be aware of priming effects)
- Word choice (note risk of acquiescence bias)
- Response options (carefully consider options)

competition.

Five Forces

Industry Analysis

How attractive is your industry and your position within it? Who has the most power and can capture the most value? How can you act to mitigate the power of an opposing force?

Suppliers

Are they price makers or price takers?

Customers

Do they need your product, or can they quickly turn to a competitor or substitute?

Competitors

Are they distinct from your offering? What advantages do they hold?

Substitutes

What is your competitive set? (e.g., cars can be seen to compete with feet, subways, horses, bicycles, and the internet)

New Entrants

How difficult is it for new competitors to enter your industry?
What is the minimum efficient scale that a new entrant would need to achieve in order to be profitable?

company.

Competitive Advantage

In entering a market or sustaining your position, it is critical to understand what advantages your company holds and how you intend to defend that advantage. Is it a capability you can defend, or a positional advantage as per the examples below.

1. First mover advantages

- Lock customers into routinized response
- Create awareness and association with category
- Can occur with economics of scale / network effects

2. Second mover advantages

- Free-ride on first mover's cost of educating market
- Learn from first mover's mistakes
- More accurate forecast of potential market

3. Parallel entry

Market may pay more attention when two companies are entering at the same time



STRATEGIZE

segment.

Segmentation is the division of a marketplace into distinct subsets of consumers having similar needs and wants, each of which can be reached with a different marketing mix.

Why segment?

Consumers differ in their needs and wants
No product can expect to appeal to all customers
Tailor marketing program to precisely meet customer needs.

Approaches

A priori segmentation

If your offering does not exist yet, divide consumers according to characteristics (geographic, demographic, psychographic) and look for different response across groups

Benefit segmentation

If you have an existing offering or there are other similar offerings on the market, cluster consumers according to benefits sought (preferences, occasions, usage) and find characteristics that best explain differences across groups

Characteristics of Effective Segments

Distinct

Similar in groups, different across groups (little overlap / homogeneity within)

Operational

Actually useful for identifying and reaching customers, deciding mix variables

Substantial

Big enough to be profitable

Benefits

Product meets customer needs (less susceptible to competition)
Marketing programs more finely tuned (less waste)

Costs

Multiple products and programs (hard to standardize)
Cannibalization (leakage across segments)

Procedure

Start with segmentation based on consumption patterns. Identify demographic and psychographic characteristics of target segments. Use the profiles to effectively reach and persuade the target segments.

Assess preferences across key attributes and cluster people by similar benefit.

Verify association between benefit segments and product preferences.

Determine demographic, media and other variables for marketing mix (tactical targeting)



target.

Targeting is the act of selecting a particular segment to serve and communicating and delivering value to your targeted segment.

Efficiency

Size of benefit segment / size of profile-based segment
Value-based segment (unobservable)
Profile-based segment (observable)

Mistakes

Broad target identification
Narrow target identification
Target misidentification

Evaluate

Potential (value, size, growth, loyalty, cost of serving)
Fit (with capabilities, strategic importance)
Defensibility (versus competition)

position.

Positioning is the act of assuming a particular stance in relation to your competition and substitutes. Misa Misono called this her brand's purpose.

Positioning statement (repeated from page 7)

For [target customer] **who are looking for** [statement of need / opportunity], [Product name] **is a**[product category] **that** [core benefit proposition], **unlike** [primary competitive alternative] **our product** [point of difference].

Bad positioning

Positioning on unimportant attributes

Remember Crystal Pepsi? Was it intended to connote naturalness? If so, this is positioning with the wrong term.

Positioning on someone else's benefits

Burger King can't claim it's fast because McDonald's already owns fast and Mercedes-Benz and GM can't claim safety because Volvo owns safety

A few things to remember

Positioning is sticky, but also in need of reinforcement. In some cases, positioning is virtually irreversible. Good positioning is hard to usurp once won. Spend a lot of money to build a position, but be careful . . . if you build a position like Clamato, you can't escape being associated with clam juice.

Effective positioning considers competitors via points of parity and difference e.g. The un-cola. Tell consumers 7UP possesses soft drink attributes (parity) and then emphasize fresh, clean taste without caffeine (difference).

Effective positioning sometimes repositions competitors.

Take existing position of competitor and play on it, e.g. Hertz is market leader but Avis goes with 'We try harder', Apple and Mac, BK 'Have it your way' vs. McD speed.

Marketing mix variables must successfully communicate positioning



ACT

product.

Controlling the mix of your products on the market is as essential as finding the right positioning.

Tyranny of Choice

Consumers are often confused by too many choices
Too many choices make people unhappy
Too many choices make consumers avoid choosing at all

Products proliferate at maturity

There is a finer and finer segmentation of market. Your brand can better defend against competitors by meeting consumer needs better. You can also grow the pie and encourage new uses / extensions e.g. Brita faucet + pitcher.

How about cannibalization?

May not matter if competition is planning to steal that market share anyway and if the margins on new product is better. Innovative companies routinely cannibalize own products (e.g., Intel keeps making faster chips in order to get customers trade up).

Cost of Product Line Extensions

Watch out! Often product line extensions do not address a new segment and cannibalize equally or more profitable products. Here are some hidden costs.

- Increased cost of production
- Increased difficult of distribution resulting in stockouts
- Encourage variety seeking among loyal customers
- Increases confusion among consumers

Product line extensions proliferate often because of agency costs. Remember, people's promotions are at stake. Brand managers may launch a product extension and note the market share gain (however temporary).

- Most new products fail, even basic line extensions
- Quite a few line extensions are successfully initially
- Most fail to generate long-term increases in profits
- Heavy competition in mature industries drives this
- Carefully consider goals of new product line extension

pricing.

Pricing is a firm's attempt to capture some of the value in the profit that it earns.

Where value to the buyer is at least p : $(p - \text{value})$ must be $\geq p$ and value to seller is at most p : $(p - \text{value})$ is $\leq p$.

Pricing involves (1) capturing value, (2) understanding logical and psychological features of consumer perception, (3) noting reference prices as an important determinant of price perception, (4) balancing benefits of price discrimination with discriminatory consequences.

Price sensitivity

The willingness to trade off dollars against product / service benefit. Influenced by factors other than economic value, including :

1. Customer perception of uniqueness
2. Awareness / availability of substitutes
3. Difficulty of direct comparison
4. Total expenditure (i.e. relative value in bundle)
5. Shared cost (e.g. employers pays a part of corporate card)
6. Sunk investments / switching costs
7. Price-quality inferences
8. Ability of customer to carry inventory (e.g. small vs. big closet)
9. Brand loyalty (high satisfaction) or habit-based purchases

Segmented pricing

You should **price discriminate to increase profits because** in most cases (1) Customers are heterogeneous, (2) Product is used in diverse applications, (3) Willingness to pay differs across customer and usage segments.

Average cost per unit declines with product volume. However, less price sensitive customers will not always take advantage of special prices if effort is required. Use promotional pricing to appeal to price vigilant customers and link promotional device to consumer behavior.

Economic value to customer

The monetary value placed on the benefits provided by a new product; called *value-in-use pricing* relative to some existing technology for a specific customer and application. This (1) suggests a range of prices, relative to competition or existing alternatives (2) helps quantify benefits to customers and (3) has applications in B2B applications where ROI calcs are used e.g. software, CFCS.

Skimming and Penetration pricing

Penetration pricing involves setting **initial price low**, often lower than eventual market price, in order to attract customers and penetrate the market

Skimming involves setting **initial price high** in order to maximize initial margins (e.g., constantly decreasing PC prices). Works because heterogeneity in price sensitivity or valuation of product.



promotion.

Market (Target)

Be careful who you alienate (e.g., Wendy's Subservient chicken commercials). Awareness may lead to opposite behavior for certain audience (e.g., anti-drug ads that make drugs look cool, oops!)

Mission (Objectives)

By product life cycle

Early Focus on building awareness about product / benefits
 Middle Focus on brand superiority and consumer preferences
 End Focus on brand image and consumer loyalty

By Stage of DMP

Awareness Increase salience and accessibility of brand
 Info search Establish product in choice set and develop pull
 Evaluation Create positive attitudes towards the brand
 Purchase Create purchase intention, promote new usage
 Post-purchase Assure purchasers and reinforce image

Money (Budget)

Heuristic approaches to setting budget

- Percentage of sales (spend fraction of sales)
- Competitive parity (spend what others are spending)
- Affordability (spend whatever the finance department allows!)

Considerations

Stage in product life cycle : New products need more money
 Market share : Lower share brands need more money
 Purchase cycles : Short cycle products require more repetition
 Competition and clutter : More clutter requires more money

Message (What to say)

Be clear what you are looking to achieve with your target audience.

- Change cognitive beliefs (Subaru Ads)
- Generating Affect and Emotional Feel (Nike Tiger Woods)
- Building Brand (Budweiser ads are campaign ready)

Media (Where and when to speak)

Find the most cost-effective solution to deliver desired number of exposures to your target audience.

Reach is the unduplicated % audience exposed to ad at least once.
Effective Reach is the % target audience who've seen ad 3+ times.

Gross Rating Point = Reach X Frequency

1 exposure to 1% audience = 1 GRP
 Cost per thousand Cost deliver to 1000 homes
 Cost per rating point Cost deliver a single rating point

Measurement (Effectiveness)

Recognition / Recall Did you see this ad?
 Reception Did you understand the ad?
 Retention What was in the ad?
 Behavior How likely are you to purchase?

Advertising elasticity

% change in weekly sales / % change in ad expense (>0)

placement.

Marketing channels are a set of interdependent organizations involved in the process of making a product or service available to a customer base.

Role of Distribution (keep in-house or outsource)

- Carrying inventory
- Generation of demand
- Physical distribution
- Sales and after sales service
- Credit and financing

Channel Design

Who are the customers?
 What are their needs when buying? (info, service etc.)
 What are the institutional alternatives? (how satisfy needs)

Serve target segment needs

Primary (education, demonstration in store)
 Comparative (benefits vs. competition)

Logistics

Product variety (assortment)
 Convenience (location)
 Wait time (order to delivery)

Channel Dynamics

	Intro	Growth	Mature
Need for customer intimacy	High	Low	High
Importance of logistical excellence	Low	High	High
Typical type of channel	Direct	Indirect	?

Channel Conflict

Channel conflict is a situation in which one channel member perceives another channel member to be engaged in behavior preventing him from achieving his goals. Distribution channels are slow to change e.g. HP & Compaq have a hard time dealing with Dell after they added VARs.

Horizontal conflict occurs between direct and indirect channel, or between indirect channels. **Vertical conflict** occurs between the company and an indirect channel (conflicting incentives)

SINK INTO A GREAT BOOK

Managing Brand Equity

David Aaker with Erich Joachimsthaler

Strategic Brand Management

Kevin Keller

Building the Brand Driven Business

Scott Davis and Michael Dunn

The Brand Gap

Marty Neumeier

Unleashing the IdeaVirus

Seth Godin

The 22 Immutable Laws of Branding

Al and Laura Ries

Made to Stick

Chip and Dan Heath

Punching In

Alex Frankel

The Power of Logos

William Haig and Laura Harper

Corporate Identity

Wally Olins

Designing Brand Identity

Alina Wheeler





CREATED FOR
BRANDS, EXPERIENCES AND
SOCIAL TECHNOLOGY
MKT353 SPRING 2011

This 2011 edition was a covert operation by Jason Chua, Purin Phanichphant, Joe Brown and Emily Ma to visually express the BEST of the Professor Jennifer Aaker's Brand and Marketing Primers.