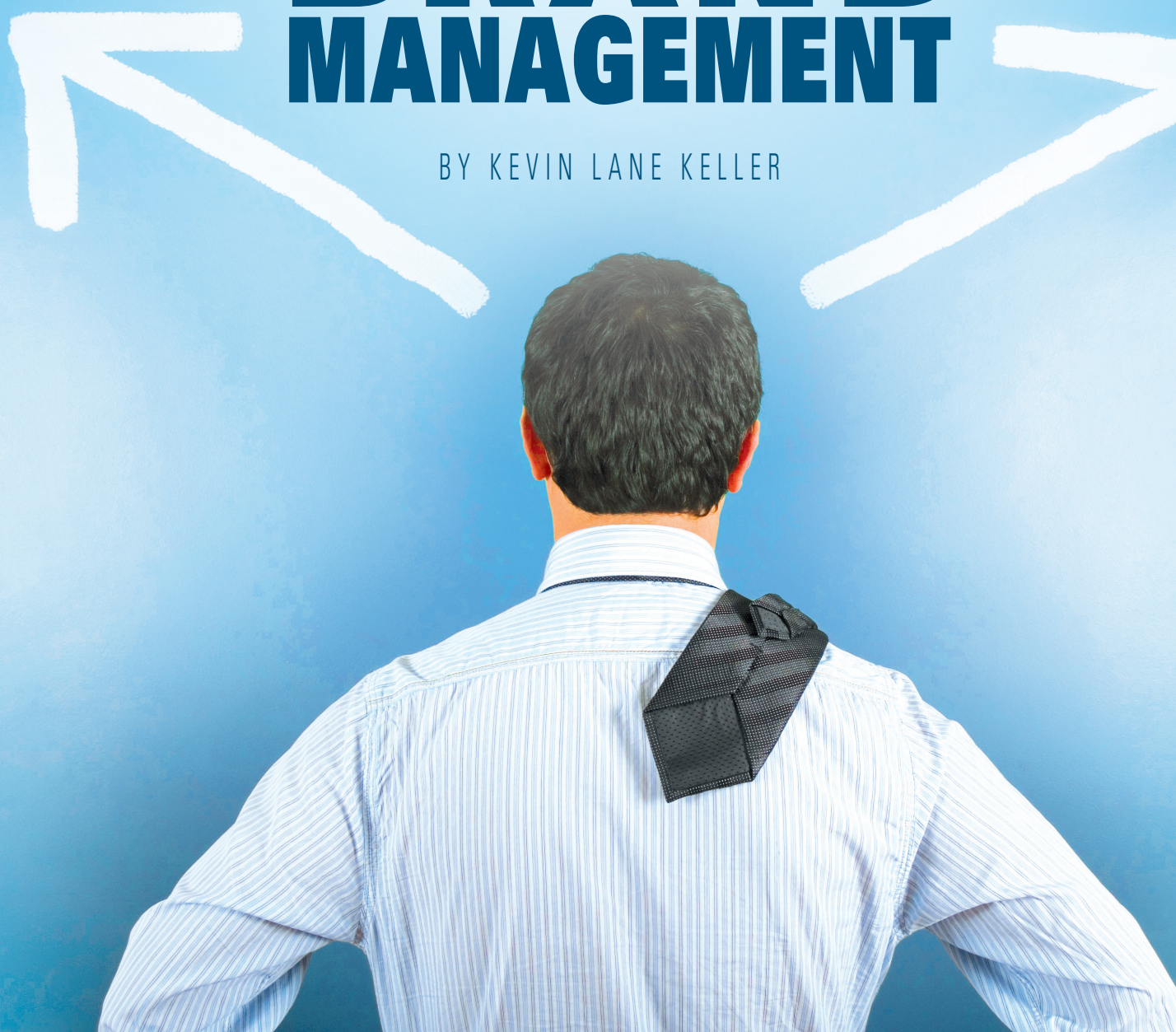


► COVER STORY ◀

BRANDS THAT TRANSCEND

HOW TO NAVIGATE THE FUTURE OF BRAND MANAGEMENT

BY KEVIN LANE KELLER



Brands have endured for centuries—and are likely to thrive for years to come—because of the benefits they provide. They allow consumers to reduce risk, simplify decision making and gain greater satisfaction in their lives. The role and functions of brands are so fundamentally pervasive and valued by consumers, it is difficult to see their potential importance diminishing.

Managing brands to achieve that potential, however, is as difficult as ever. The pace of change in the marketing environment has greatly accelerated in the past decade.

- Consumers are increasingly diverse, enlightened and empowered.
- Virtually every market has experienced heightened competition as a result of the entrance of global firms, private labels and mega-brands from related categories and emboldened rivals.
- Technological advances have profoundly affected how consumers learn about and shop for brands.
- Troubling environmental, community and social concerns exist all over the world.

Here are six branding imperatives to help managers navigate the new challenges of brand management. Adhering to these guidelines should help marketers create stronger customer loyalty for their brands and enjoy marketplace success for years to come.

1. Fully and accurately factor the consumer into the branding equation: Engage in “participation marketing” by establishing what consumers know and don’t know, and what they want and don’t want from brands.

One of the most important rules of branding can be encapsulated by the aphorism, “The consumer owns the brand.” From the one-time business mantra of “You’ll never get fired by choosing IBM” to the New Coke debacle to the modern challenges of Detroit auto makers in convincing consumers of the quality of their vehicles, consumer sovereignty has and always will rule.

From a managerial perspective, a consumer voice must be incorporated in every branding decision. But which voice? And should louder ones receive more attention? The increasing diversity and empowerment of customers offers significant branding challenges.

Customer diversity. Multiple segments and sub-segments of consumers make up the customer franchise for every brand. Embracing a multicultural perspective in branding with appropriately inclusive marketing programs is an absolute necessity in today’s diverse world. A multicultural perspective helps marketers focus on how brands can be made relevant to different segments of the target market. This adaptation, however, must be done with care. For strong brands, the common core of their brand promise should be evident in virtually all aspects of their marketing programs. For example, Ritz-Carlton’s brand mantra of “ladies and gentlemen serving ladies and gentlemen” affects how the company delivers service to all guests.

Customer empowerment. One of the driving factors behind the empowered customer trend is the greater transparency prevailing in the marketing environment. The emergence of the Internet and social media—as well as the expansion and pervasiveness of traditional media—has given consumers, for better or worse, the ability to seek information and arrive at what they feel is the “truth” about products, services and brands like never before. Marketers must anticipate that any actions they take or claims they make can be scrutinized and shared with others instantaneously. With this transparency, consumers can be more actively involved

in brands than before. But the reality is that only some of the consumers want to get involved with only some of the brands they use and, even then, only some of the time.

For consumers who do choose to become engaged at a deeper level, marketers must do everything they can to encourage them with social media and other marketing tools. But for consumers who choose not to do so, it is important to understand how to best market a brand, given such diversity

in consumer propensities, interests and activity levels. Moreover, even consumers who choose to become more engaged with a brand may have difficult-to-express, undefined, ambiguous or even conflicting preferences. In that regard, marketers need to employ “participation marketing,” where marketers and consumers work together to find out how the firm can best satisfy consumer wants and needs. With participation marketing, consumers and firms freely exchange information to arrive at mutually beneficial solutions. Intuit’s QuickBooks Live Community, which serves the small-business market, is a place where QuickBooks customers can trade tips and ask questions, providing Intuit with valuable feedback.

2. Go beyond product performance and rational benefits: Craft well-designed products and services that provide a full set of rational and emotional benefits.

At the heart of a great brand is a great product or service. This is even truer in today’s highly transparent world. For many firms, the design aspects of their products and services are

increasingly crucial components of their value proposition. Adept marketers at firms such as Apple, Nike, Ritz-Carlton, Singapore Airlines and Samsung are optimizing functional and aesthetic aspects of the design of their products and/or services to maximize sales and brand equity. Developing better designed products and services requires a comprehensive, up-to-date understanding of consumers, how they purchase and use products and services, and how they think and feel about brands. Product design encompasses not only how a product works, but also how it looks, feels, and even sounds and smells. Similarly, service design is a function of all of the

BRAND MARKETING IMPERATIVES

- ▶ **Brand marketers must** strive to stay close to all customers and understand what they know and like about brands and what they don’t know or don’t like.
- ▶ **Brand marketers must** increasingly utilize functional and aesthetic design principles and techniques, as well as understand the duality of rational and emotional dimensions of consumers’ relationships to brands and how the two can interact.
- ▶ **Brand marketers must** think holistically about how marketing communications efforts work (or don’t work) together.
- ▶ **Brand marketers must** assemble the right brand architectures to ensure that brands reach their marketplace potential.
- ▶ **Brand marketers must** take a long-term perspective as to what is good for their brand, as well as what is good about their brand.
- ▶ **Brand marketers must** be able to understand and justify their marketing investments by employing a set of models, tools and perspectives that fully illuminates how consumers and brands are affected in the short- and long-run by any marketing activity or programs.

sensory aspects that consumers encounter and experience with a brand. Designing products and services that can more efficiently and effectively deliver the full range of category benefits is still of paramount importance, and provides a means to gain a competitive advantage. This is true even in mature categories, as illustrated by Procter & Gamble's recent successes with Gillette, Pampers and Tide.

Great product and service design comes from keen consumer insight and inspired, creative solutions. A well-designed brand offers advantages in product and service performance, and in the imagery that creates significant functional and psychological benefits. Consider Gillette's launch of the Venus line of razors. The first razor designed solely for women, it was a marked departure from previous women's razor designs, which had essentially been colored or repackaged versions of men's razors. Functionally, Gillette designed the Venus with a wide, sculpted rubberized handle offering superior grip and control for in-shower use, an oval-shaped cartridge with soft cushions for flexibility and a storage case that could store replacement blades and stick to shower walls. Emotionally, the razor was designed to look sensual and be a "must have" beauty essential. Advertising communicated that Venus helped to reveal the beauty within and the "inner goddess" in women. Highly successful, the Venus brand now holds more than 50 percent of the global women's shaving market.

3. Make the whole of the marketing program greater than the sum of its parts: Develop fully integrated channel and communication strategies that optimally blend their strengths and weaknesses.

The diversity of means to communicate about and sell products and services to consumers has grown exponentially in recent years. Marketers can combine push-and-pull distribution strategies to maximize coverage and impact, selling directly via mail, the Internet, telephones, cell phones and company stores, while also selling indirectly via wholesalers and retailers. In devising communication strategies, marketers must address a number of marketplace developments: the fragmentation of TV viewership; the increasing use of mobile phones; the explosion of online blogs and social communities; and the greater importance of buzz marketing. To develop successful communication programs,

marketers must combine: online/interactive communications, "real-world"/experiential communications and traditional mass-media communications.

Mixing and matching communications. The challenge for marketers of top brands in assembling the best set of channel and communication options is to both maximize sales in the short run and brand equity in the long run. Moreover, the art and science of integrated marketing is to optimally design and implement any one channel or communication activity to not only create direct effects, but also indirect effects that increase the financial or brand equity impact of other channel or communication options. A breathtaking TV ad might change a viewer's opinions of a brand, increasing the likelihood that he or she will buy the brand in the future. But it may also make that viewer more likely to visit the brand's website or respond more favorably to a subsequent brand promotion, resulting in a more immediate purchase.

From the perspective of building brand equity, marketers should be "media neutral" and evaluate all different possible communication options according to effectiveness criteria and efficiency considerations. Marketers should mix and match communication options to build brand equity and drive sales—that is, choose a variety of different communication options that share common meaning and content but also offer different, complementary advantages so that the "whole is greater than the sum of its parts." For example, to change unfavorable consumer impressions of the taste of its pizza, Domino's "Oh Yes We Did" marketing campaign combined documentary-style TV and print advertising with interactive activities, anchored around www.pizzaturnaround.com.

Social media. As more consumers spend more time on the Internet, it is crucial to use interactive communications to impact consumers at all stages of the decision funnel—reinforcing any offline marketing efforts at the same time. An online, interactive communications program can include the following: a well-designed website, emails, electronic ads, search advertising and social media.

The most challenging is social media—encompassing online communities, forums, blogs and a presence on websites such as Facebook, Twitter and YouTube, which provide an effective means to create active engagement and involvement with consumers. By offering the right online information, experiences and platforms for brands, marketers can help consumers learn



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from and teach other consumers about a brand. Despite those advantages, marketers frequently express concern that the engagement of consumers with social media can produce brand harm via subversive behavior by a small group of consumers, undeserved negative feedback or other unfavorable outcomes. Marketers should acknowledge that undesirable branding effects can occur whether the brand is engaged in a social media campaign or not. Being online and providing an affirmative brand point-of-view can only help counterbalance these negative effects.

4. Understand where you can take a brand (and how): Design and implement a new product development and brand architecture strategy to maximize long-term growth across product offerings, customer segments and geographical markets.

For long-term financial prosperity, the successful launch of new products and services and the entry of existing products and services into new markets and customer segments are of paramount importance. Proper branding is an essential component of that success. Managers frequently err in naming new products by taking an internal company perspective and arriving at overly complicated solutions with different levels of branding. In such cases, consumers will often try to simplify the branding of the offerings, or even worse, they may very well move on to a competitor with a more straightforward set of offerings. Part of the appeal of Colgate Total was undoubtedly that it offered a simple solution to navigating the toothpaste aisle, a section of the store that consumers often find bewilderingly confusing. From a branding standpoint, growth requires a well-thought-out and well-implemented brand architecture strategy that clarifies three key issues:

1. The potential of a brand in terms of the breadth of its “market footprint;”
2. The types of product and service extensions that would allow a brand to achieve that potential; and
3. The brand elements, positioning and images that should be used to brand any new or existing product.

Brand potential. A good brand architecture defines brand boundaries: What products or services the brand could represent, what consumer benefits it could supply and what consumer needs it could satisfy. It provides “guardrails” as to appropriate—and inappropriate—line and category extensions. It clarifies the meaning and promise of the brand to consumers, and helps them choose the right version of the product or service for themselves.

Understanding the brand promise and how it should best be adapted to different products and markets is challenging, but critical. Every product or service sharing the brand name

should be seen as delivering on the unique brand promise. If it is possible to replace the brand in any of its marketing—an ad, online promotion, sponsored event, etc.—with a competitive brand, and its marketing would still basically make sense for consumers, then the marketing is probably not aligned sharply enough with the brand promise and meaning. By adhering to their brand promise and growing the brand carefully, brands can cover a lot of ground. For example, by delivering on its brand promise of being gentle, mild, caring, and protective—through a sequence of carefully designed and implemented extensions—Beiersdorf’s Nivea brand has evolved from a skin creme brand to a skin care and personal care mega-brand with hundreds of products.

Brand extensions. The vast majority of new products are extensions, but the vast majority of new products also fail. An increasingly competitive marketplace will be even more unforgiving to poorly positioned and marketed extensions. Marketers must be rigorous and disciplined in their analysis and development of brand extensions. Based on academic research and industry experience, addressing the following set of questions should improve the odds of extension success:

1. Does the parent brand have strong equity?
2. Is there a strong basis of fit to the proposed extension?
3. Will the extension have necessary points of parity and points of difference to create competitive advantages and overcome any perceived weaknesses?
4. How can marketing programs enhance extension equity?
5. What implications will the extension have on parent brand equity and profitability?
6. How should these feedback effects from the extension best be managed?

Brand elements. The third aspect in a brand architecture strategy encompasses the name, look and other branding elements applied to existing and new products or services. Marketers can signal the relationship between any two products for a brand by “dialing up” or “dialing down” common brand elements, such as names, logos, colors, etc.

In particular, sub-branding a new product, by combining new brand elements with existing brand elements, can facilitate access to associations and attitudes to a parent brand, while also allowing for the creation of new brand beliefs to position the product in the new category. Consumers are very literal. Putting the parent brand name before a new, individual name—as compared to putting it second—conveys that an extension product is more like the parent brand. Marriott’s Courtyard would be seen as much more of a Marriott hotel than Courtyard by Marriott by virtue of having the corporate parent brand name first. To realize all these different benefits, however, sub-branding typically requires sufficient invest-

The best and most widely admired marketers treat their brands with understanding and respect, as well as a clear sense of commercial and social purpose. They take their brands on thought-out journeys that allow them to profitably grow, while preserving the brands' close bonds with consumers and benefits to society as a whole.



ments and disciplined and consistent marketing to establish the proper brand meanings with consumers.

5. Do the 'right thing' with brands: Embrace corporate social responsibility and manage brands for the long-run.

With increased media coverage of business, there is greater transparency and awareness of companies' internal and external actions and statements. Many consumers want companies to do "good things" for local communities, society as a whole and the broader natural environment. At the same time, heightened scrutiny from the investment community has caused many companies to adopt an overly myopic short-term planning horizon for their brands. Brand marketers need to address both of these marketplace realities.

Corporate social responsibility. Brand marketers must proactively embrace social responsibility and behave ethically and morally at all times. In particular, marketers need to find "win-win" solutions with cause marketing programs and other activities that allow them to enhance the welfare of consumers, society or the environment—all while still profitably running their businesses. Effective cause marketing programs can accomplish a number of objectives for a brand: build brand awareness, enhance brand image, establish brand credibility, evoke brand feelings, create a sense of brand community and elicit brand engagement. General Mills' "Box Tops for Education" program, which encourages parents and students to collect box tops and gain points in other ways to raise money for cash donations for their schools, reinforces the company's commitment to education while encouraging consumers to try different brands, enjoy various promotions, etc.

Long-term brand management. Doing the right things with brands also involves something even simpler and more straightforward: Take a long-term view to protect and respect the brand promise and meaning to consumers.

Over-exposing, over-extending, over-modernizing and over-discounting—there are many ways to take advantage of a brand for perceived short-term benefits. The best and most widely admired marketers treat their brands with under-

standing and respect, as well as a clear sense of commercial and social purpose. They take their brands on thought-out journeys that allow them to profitably grow, while preserving the brands' close bonds with consumers and benefits to society as a whole.

Strong brands avoid the "death-by-1,000-cuts" syndrome, where a decision may be deemed acceptable by some, because even though it may not make good brand sense or enhance brand equity, it is seen as only potentially detracting or taking away from brand equity "a little." Over time, however, a repeated number of those seemingly safe decisions can add up, and the brand can suffer significant damage as a whole. For example, it could be argued that a series of micro-decisions on service delivery by Starbucks in recent years eventually added up enough to transform the customer experience in such adverse ways that loyalty suffered, forcing founder and returning CEO Howard Schultz to take drastic actions.

6. Take a big-picture view of branding effects. Know what is working (and why): Achieve a deeper understanding of the limits and power of brands, and be able to qualitatively and quantitatively justify brand investments.

Increasingly, marketers have to do "more with less" in their marketing budgets, which requires that they be able to demonstrate to decision makers in their organizations what is and is not working and why.

One challenge in achieving brand accountability is that

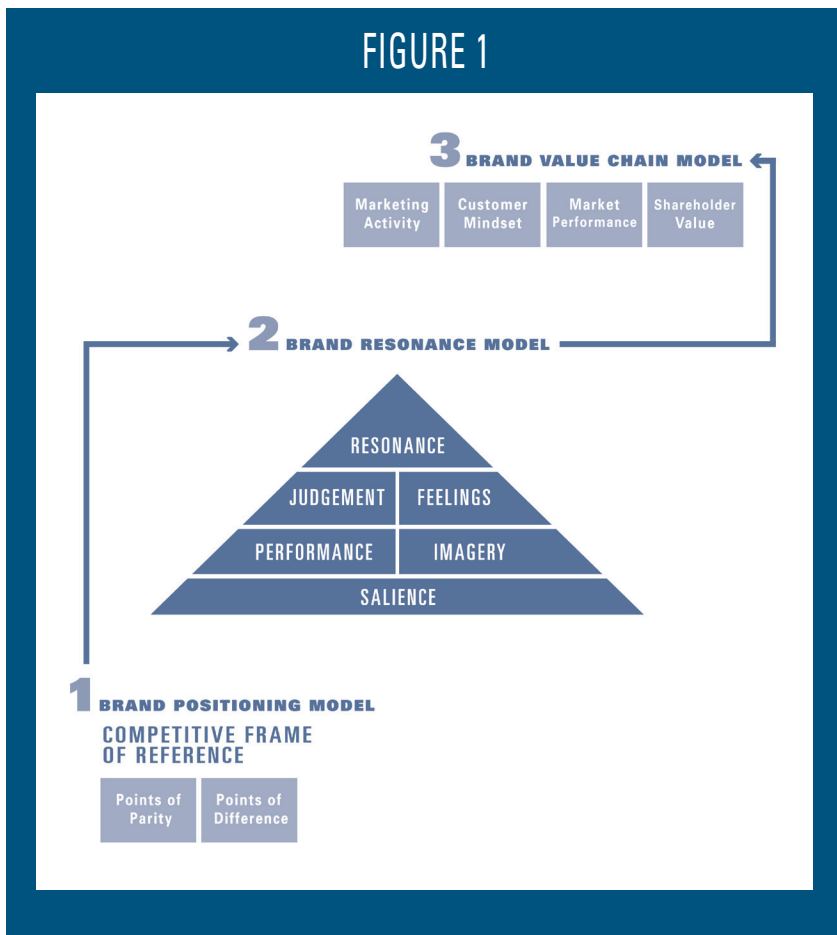
brand marketing often has long-term, broad and varied effects. Any particular marketing activity may increase the breadth or depth of brand awareness, establish or strengthen performance-related or imagery-related brand associations, elicit positive judgments or feelings, create stronger ties or bonds with the brand and initiate brand-related actions such as search, word-of-mouth, purchase, etc. And these effects may have short-term and/or long-term impacts.

To help develop return-on-investment insights and interpretations, marketers must adopt comprehensive,

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- Adhere to branding imperatives to create stronger customer loyalty for brands and enjoy success in the marketplace.
- Accept that the consumers own the brand; the brand parent company does not.
- Think holistically about how your organization's marketing communications efforts work—or don't work—together.

FIGURE 1



cohesive and actionable branding models. As an example, Figure 1 (above) summarizes three linked, interlocking models that I use in brand planning, tracking and measurement:

1. The “brand positioning model” describes how to establish competitive advantages via points of difference (strong, favorable and unique brand associations) and points of parity (brand associations designed to negate competitors’ points of difference, overcome perceived vulnerabilities of the brand or establish category credentials).

2. The “brand resonance model” considers how to create intense, active loyalty relationships with customers. The basic premise is that building a strong brand involves a set of logically constructed “brand building blocks.” Brand resonance occurs when consumers feels completely in sync with the brand. The second level of the model is where the output from the brand positioning model appears in terms of which points of parity and points of difference are to be created with which performance and/or imagery associations.

3. The “brand value chain model” describes how to trace the value creation process to better understand the financial

impact of marketing expenditures and investments. The brand value chain model examines four different stages in the value creation process for a brand. It considers how marketing activities affect the customer mindset—as can be measured by all the building blocks in the brand resonance model—which, in turn, creates various marketplace outcomes and ultimately shareholder value.

The specific components of these three models are not as important as their purpose and scope: These models can both assist planning and measurement; they can capture a full range of marketing activities for any type of brand. In particular, by tracing the effects of marketing activities through the customer mindset, and on to various marketplace outcomes such as price premiums, loyalty, sales, market share and profitability, marketers can gain a clearer picture of how well their marketing is doing and why.

Challenges and opportunities

Six imperatives were identified as crucial for branding in the years to come (see the sidebar on page 38 for a summary). It is important to note the implications of these imperatives on marketers themselves. Unquestionably, the talents and abilities of marketers to successfully manage brands needs to correspondingly evolve and be broader and deeper than it has been in the past. Today’s brand marketers must know all of the usual marketing fundamentals, but also embellish those skills in important ways.

The best brand marketers must have cultural skills to understand the diversity of the new consumer; fluency in working with design techniques and designers; information technology and Internet skills to understand Web-related marketing activities; an appreciation of new branding models and formal qualitative and quantitative measurement methods; creativity to devise holistic marketing solutions; and so on. These requirements pose significant challenges, but also very exciting opportunities as marketers adopt higher standards in brand management excellence. **MM**

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