



Brand & Product Management

Marketing Management



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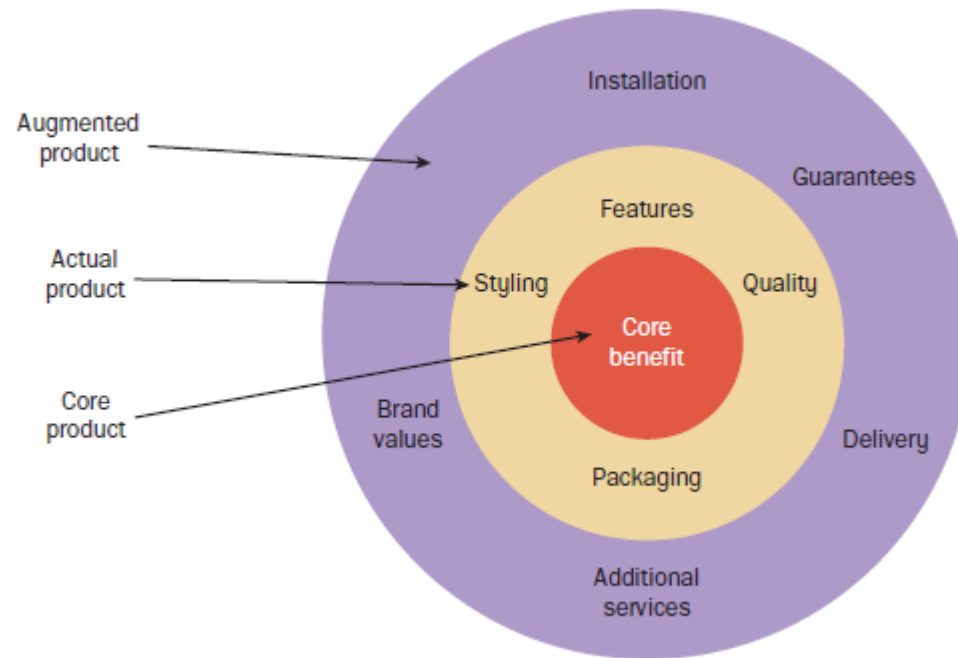
Session objectives

1. To evaluate the anatomy of a product and how it delivers benefits and value to a consumer.
2. To identify ways in which a product satisfies customer needs.
3. To analyse how brands differentiate their offerings from those of the competition
4. To explore brand development and positioning
5. To appraise the process of portfolio planning and the product life cycle
6. To review the importance of the management of the new product development process

The Three Levels of a Product

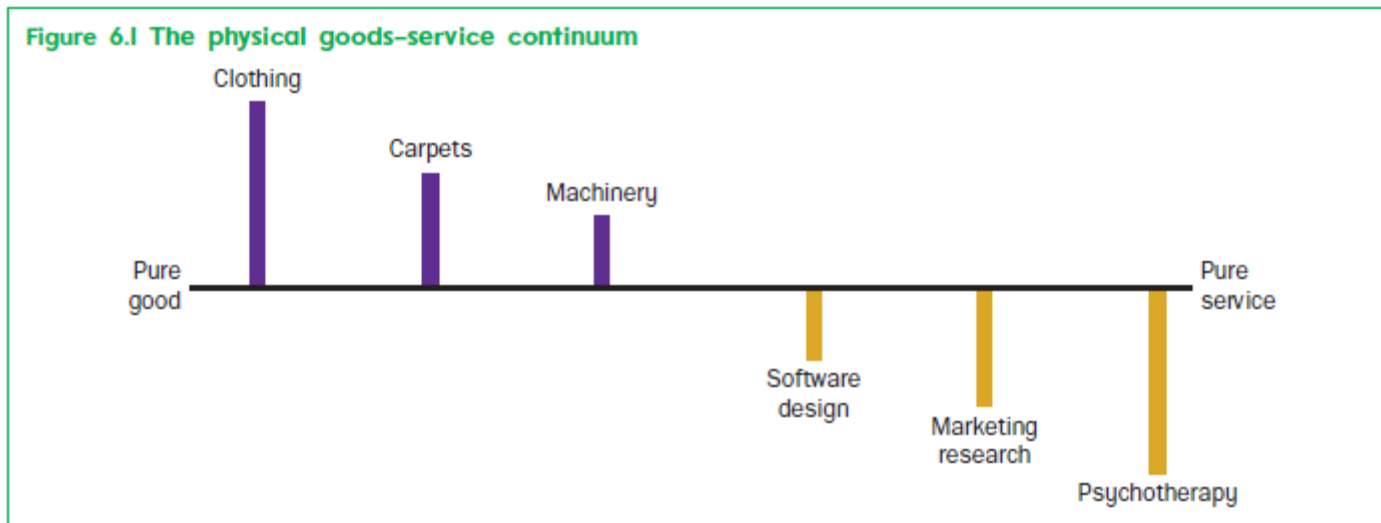
A product is anything capable of satisfying customer needs

Figure 6.2 The three levels of product



(Source: Fahy and Jobber, 2019)

The physical goods–service continuum

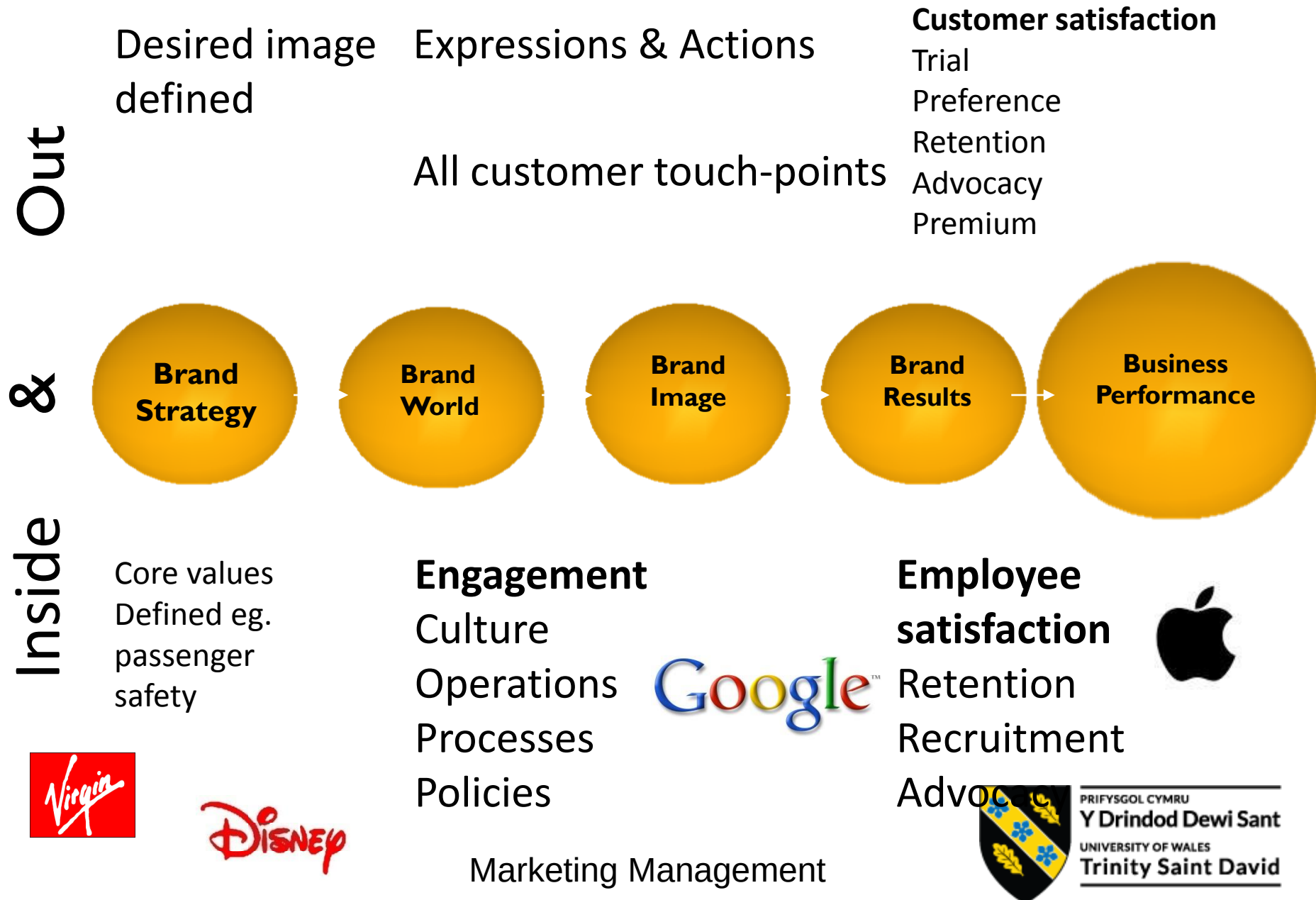


(Source: Fahy & Jobber, 2019)

Case study: innocent

- Apply the 3 levels of a product to innocent
- What message does the brand communicate?
- What do the organisation's activities communicate?

How well managed brands work



Branding

- Branding is the process by which companies distinguish their product offerings from the competition.
- Branding permits customers to develop associations (e.g. status, prestige) with products, which eases the purchase decision.
- The power of brands over products can also be seen in the way that some products are more commonly known by the brand name than by the product name

What is Branding?

Kotler (2000) describes branding as:

‘a name, term, symbol or design (or combination of them) which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of the competition’.

A simpler definition: A brand is a promise ... publicly conveyed to customers by everything they can observe.

What is Branding?

But branding can be more:

‘branding is a component of a product’s tangible features –the verbal and physical cues that assist the customer in choosing one product over another. (Dibbs et al 1997)’

Brand types

corporate umbrella	all products use corporate name	e.g. Heinz
range	groups of products share a brand name	e.g. Taste the Difference (Sainsbury's)
individual	each product has its own brand name	e.g. Bold (Procter & Gamble)
own-label (private)	products bear the retailer's (or wholesaler's) name	e.g. Tesco
generic	product name only	e.g. aspirin

The Benefits of Brands

• To Organisations

- Company value & brand equity
- Consumer preference and loyalty
- Barrier to competition
- High profits
- Base for brand extensions



• To Consumers

- Communicates features and benefits
- Reduces the risk in purchasing
- Simplifies the purchase decision
- Symbolic value

Why use Branding?

- A new brand can be **protected** from copying (but not from imitation)
- A strong brand is a **differentiator** from competing products (differentiation, segmentation)
- A strong brand results in **customer loyalty** and **purchases** (selection, awareness, recall, recognition)
- A strong brand adds **value** and can be an enduring asset (brand equity)

Building Brands

Building brands involves making decisions about:

- The brand name;
- How the brand is developed;
- How the brand is positioned in the marketplace.

Building a strong brand takes time

Coca-Cola – 1886

Gillette - 1901

Cadburys - 1824

Jaguar - 1922



Can you recognise these brands?





the brand's personality

shapes its

brand identity

which helps create a

brand image

Brand Name Considerations

Table 6.1 Brand name considerations

A good brand name should:	
1	evoke positive associations
2	be easy to pronounce and remember
3	suggest product benefits
4	be distinctive
5	use numerals when emphasizing technology
6	not infringe an existing registered brand name

Brand Name Categories

Descriptive:	General Motors, The Body Shop, Shredded Wheat
Evocative:	Amazon, Virgin, Nike
Invented:	Exxon, Kodak, Xerox
Lexical:	Dunkin' Donuts, PayPal, Flickr
Acronym:	IBM, HP, GE
Geographical:	American Express, Halifax, Air France

Fahy & Jobber, "Foundations of Marketing, Sixth Edition"

Trademarks

- Legal protection for a brand name, brand mark, or trade character is provided through the registration of trademarks.
- As brands assume greater importance, so does their legal protection.
- The Nike swoosh, the Starbuck's mermaid, and the Apple icon are all highly valuable and protected by their owners through trademarks.

Exhibit 6.1 Years of brand development by Nike means that its 'swoosh' logo has become one of the most recognizable brand logos in the world.



Brand equity

- **a good brand is a valuable asset**
 - but the value is hard to measure
 - takeover bids, price premiums
- **indicators of high brand equity include:**
 - high price, high distribution intensity, a pleasant shopping environment , a large advertising budget (Yoo et al., 2000)

“Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds strong, favourable, and unique brand associations in memory.” (Keller)

The Top 20 Most Valuable Brands Worldwide

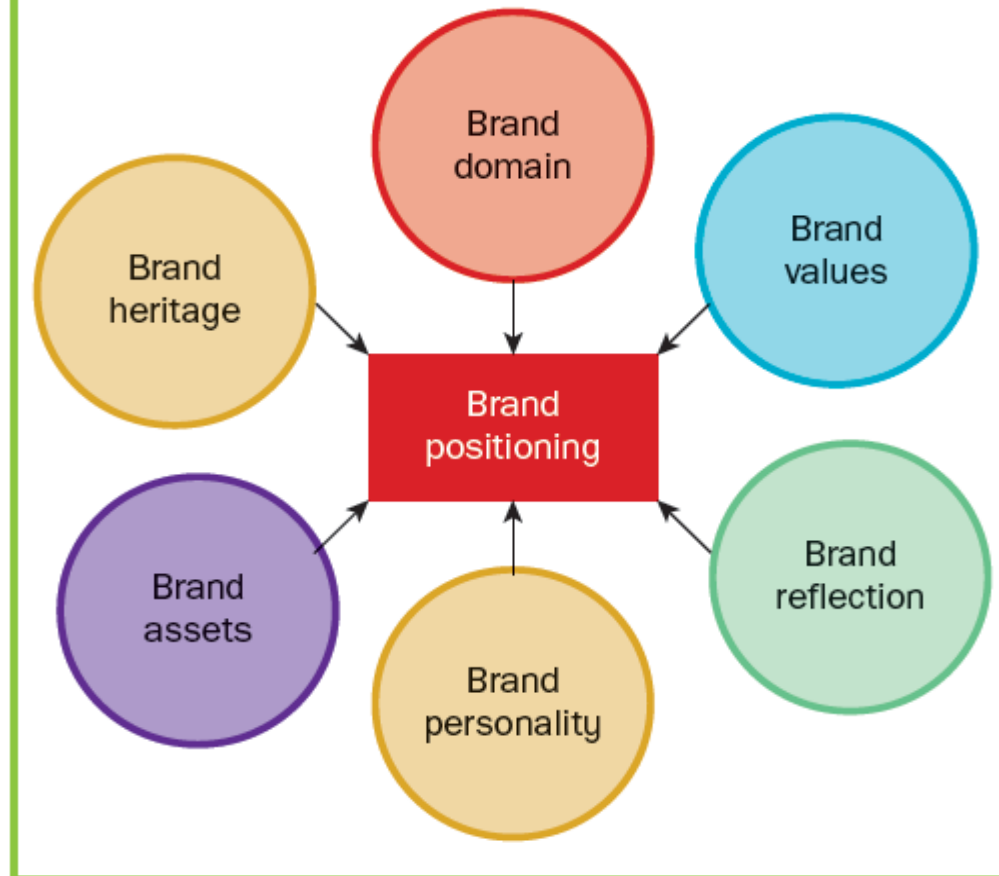
Table 6.3 The top 20 most valuable brands worldwide, 2017

Company	2017 brand value (US\$ billions)	Country of origin	% change from 2012
Apple	184,154	USA	3
Google	141,703	USA	6
Microsoft	79,999	USA	10
Coca-Cola	69,733	USA	-5
Amazon	64,796	USA	29
Samsung	56,249	South Korea	9
Toyota	50,291	Japan	-6
Facebook	48,188	USA	48
Mercedes	47,829	Germany	10
IBM	46,829	USA	-11
General Electric	44,208	USA	3
McDonald's	41,533	USA	5
BMW	41,521	Germany	0
Disney	40,772	USA	5
Intel	39,459	USA	7
Cisco	31,930	USA	3
Oracle	27,466	UK	3
Nike	27,021	USA	8
Louis Vuitton	22,919	France	-4
Honda	22,696	Japan	3

Source: Interbrand.

The Anatomy of Brand Positioning

Figure 6.3 The anatomy of brand positioning



Brand Management Issues

- Brand extension and brand stretching
- Global branding
- Co-branding
 - Product-based/communications based
 - Parallel
 - Ingredient

Brand Elasticity

- Brands are not static, they need to evolve.
- Elasticity is where the brand can be stretched over several products without harming the original branded product. However, not all extensions are successful.

Brand extension & stretching

- BE – use of brand name within same broad market (Anadin, A Extra, A Soluble)
- BS – established brand name used for brands in unrelated markets eg. Yamaha motor cycles – hi-fi, pianos, skis

Brand Extension



Brand Stretch



Risks Associated with Extensions

- Brand dilution:

Attaining a critical point where the value of the original brand name is severely diluted due to the number of extensions. This a risk associated with licensing.

- Brand damage:

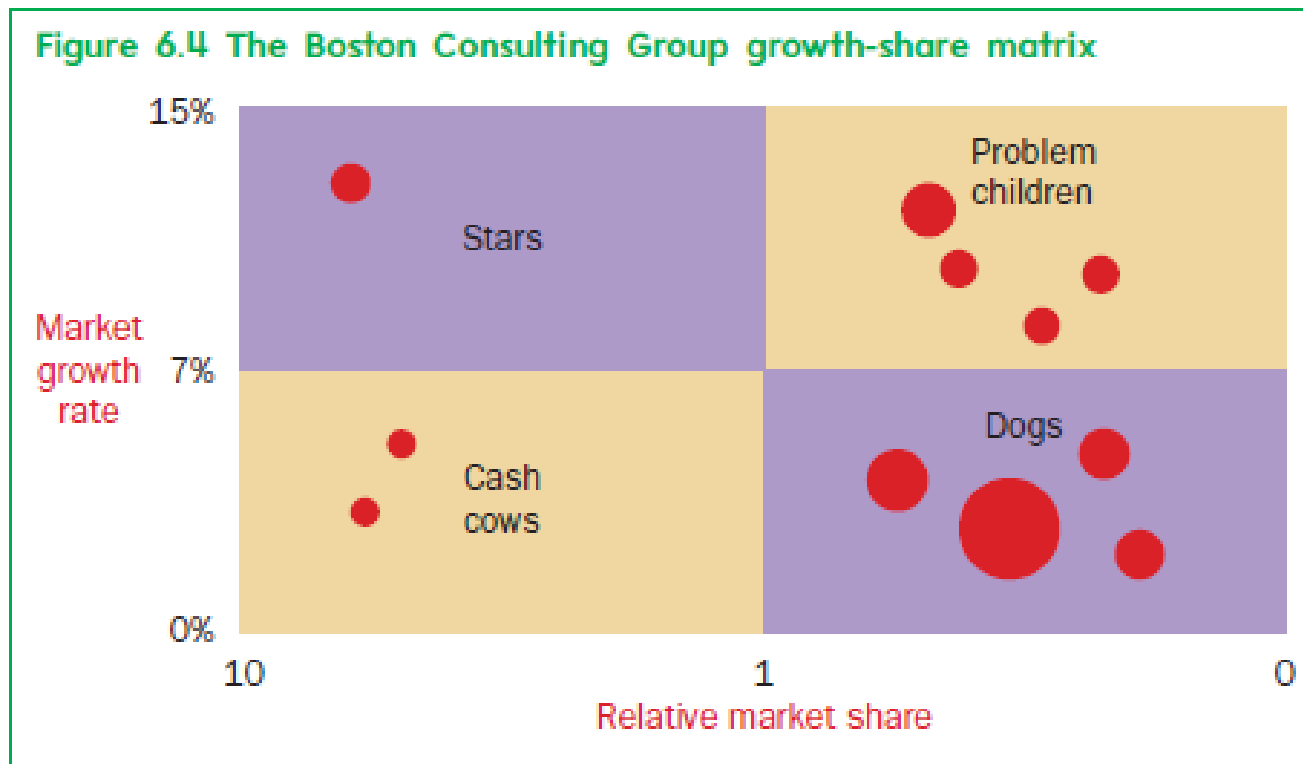
A problem with one product can possibly tarnish the image of others within the brand extension.

But beware a brand too far

- Remember Virgin Cola, Virgin megastores and Virgin Vie?



The process of managing groups of brands and product lines



Strategic Objectives

Stars

-
- These are market leaders in high-growth markets;
- Prospects for further growth are good;
- Resources should be invested to maintain/increase leadership position;
- Competitive challenges should be repelled;
- These are the cash cows of the future and need to be protected.

Problem Children

-
- Also known as question marks;
- These are cash drains due to low profitability;
- The choice is either to increase investment to turn the problem child into a star or withdraw support either by harvesting or divesting;
- Or find a small market segment (niche) where dominance can be achieved.

Strategic Objectives

Cash Cows

-
- High profitability, low investment associated with high market share in low growth markets;
- Cash cows should be defended;
- Hold sales and/or market share;
- Excess cash should be used to support stars, selected problem children and new product development.

Dogs

- Weak products that compete in low-growth markets;
- Cash dogs achieve second or third place in marketplace;
- Harvest or divest or focus on defendable niche.

Task

Use the BCG matrix to plot the portfolio of products of a company you're familiar with

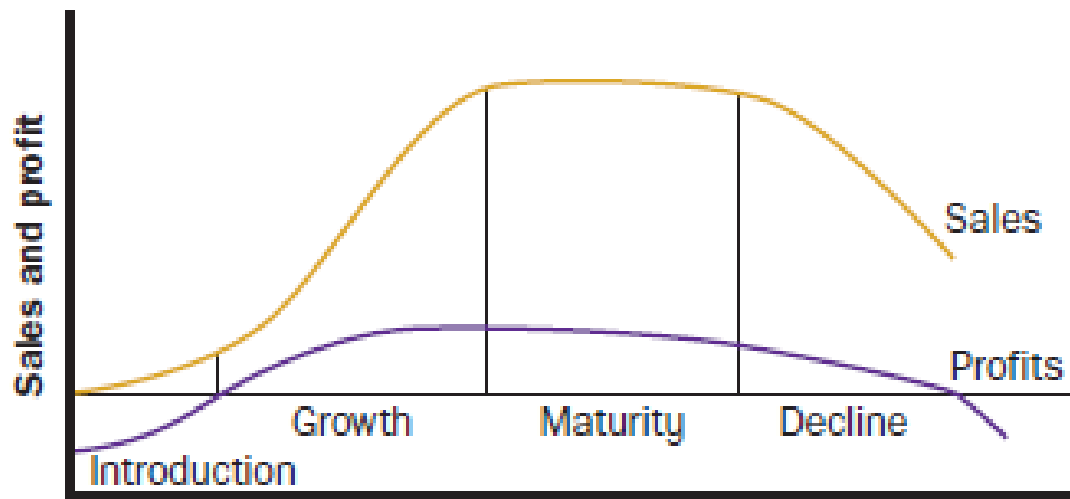
Consider where you place the products and why – you must justify your decisions!

The Product Life Cycle

- Both individual brands and product lines need to be managed over time.
- A useful tool for conceptualizing the changes that may take place during the time the product is on the market is called the product life cycle (PLC).
- The classic PLC has four stages:
 - Introduction;
 - Growth;
 - Maturity;
 - Decline.

The Product Life Cycle

Figure 6.5 The product life cycle



Marketing Objectives and Strategies Over the PLC

Table 6.5 Marketing objectives and strategies over the product life cycle

	Introduction	Growth	Maturity	Decline
Strategic marketing objective	Build	Build	Hold	Harvest/manage for cash
Strategic focus	Expand market	Penetration	Protect share	Productivity
Brand objective	Product awareness/trial	Brand preference	Brand loyalty	Brand exploitation
Products	Basic	Differentiated	Differentiated	Rationalized
Promotion	Creating awareness/trial	Creating awareness/trial repeat purchase	Maintaining awareness/ repeat purchase	Cut/eliminated
Price	High	Lower	Lowest	Rising
Distribution	Patchy	Wider	Intensive	Selective

Growth Stage

- **Exhibit 6.5:** Virtual and augmented reality headsets and glasses continue to be a growing industry; they will reach sales of 22 million units in 2018 and will grow fivefold to 121 million in 2022.



New Product Development

- The introduction of new products to the marketplace is the lifeblood of corporate success.
- Four broad categories of new product exist:
 1. **Product replacements:** (45%) Include revisions and improvements to existing products;
 2. **Additions to existing lines:** (25%) Add to a company's existing product lines;
 3. **New product lines:** (20%) Represent a move into a new market;
 4. **New-to-the-world products:** (10%) Create entirely new markets.

New Product Development Process

Figure 6.6 The seven-stage new product development process



Diffusion of Innovation

- The diffusion of innovation process is a useful starting point for choosing a target market;
- Particularly important is the notion that not all people or organizations who comprise a market will be in the same state of readiness to buy a new product when it is launched;
- Firms launching new products initially aim to target innovators and early adopters.

Innovation

Company	Business
1. Amazon	Online shopping
2. Google	Internet software, computer hardware
3. Uber	Transportation, delivery/commerce
4. Apple	Computer hardware, software, consumer electronics, etc.
5. Snap	Hardware, social media
6. Facebook	Internet
7. Netflix	Entertainment
8. Twilio	Communications
9. Chobani	Food processing
10. Spotify	Streaming, on-demand media

Discussion: the new Disruptors

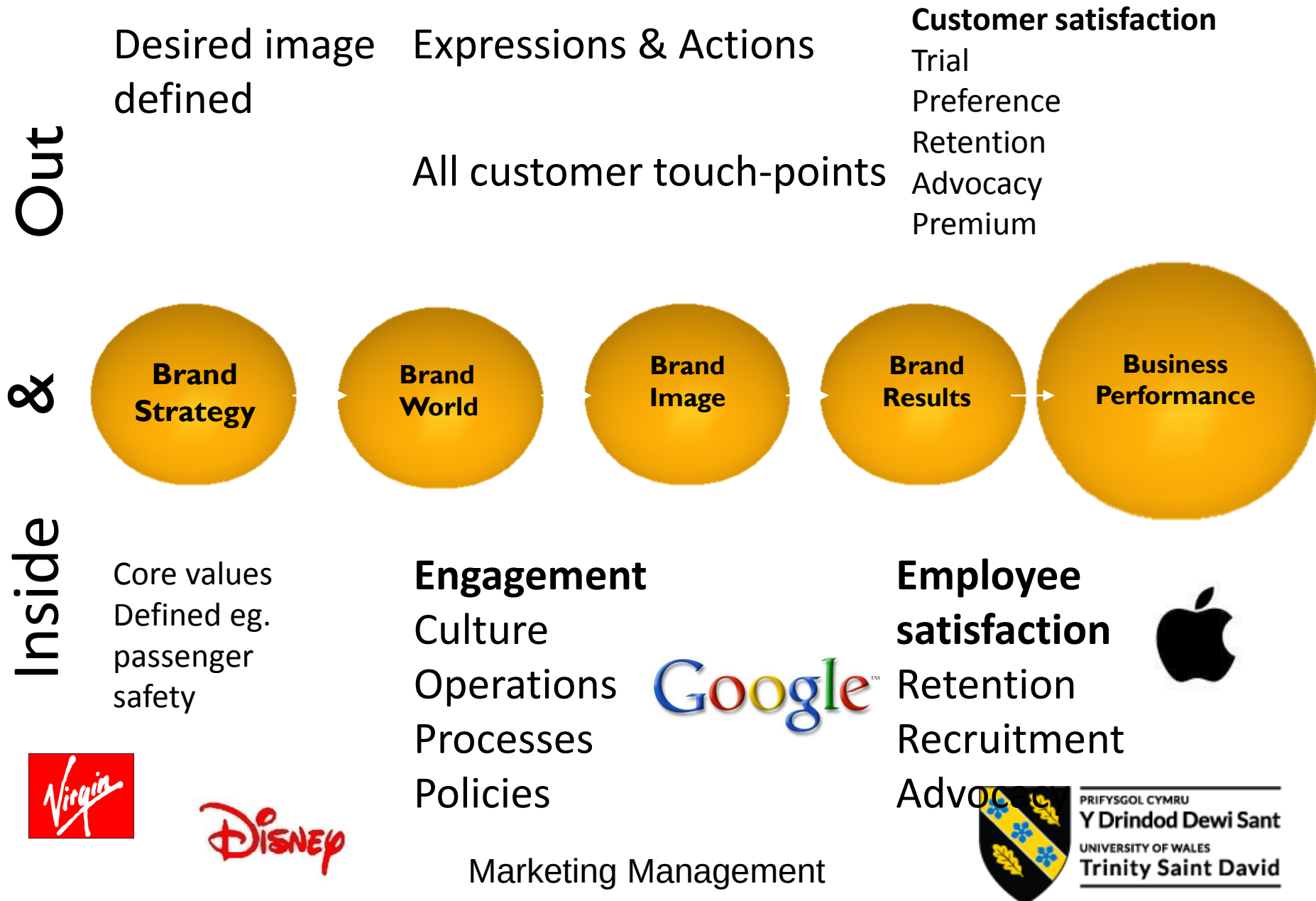
- Identify the key marketing themes and issues
- Apply the above to your experience as marketers/consumers and any other research undertaken
- In groups you should be prepared to feedback your thoughts in an organised way

Disruptive Brands

“A disruption displaces an existing market, industry, or technology and produces something new and more efficient and worthwhile” – Clayton Christensen, Harvard Business School

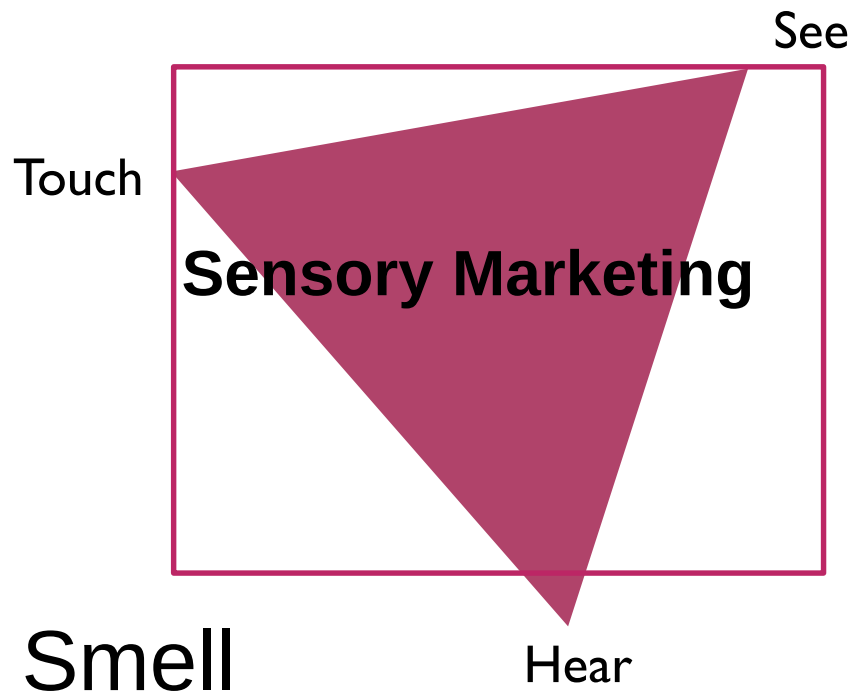
<http://www.youtube.com/watch?v=mbPiAzzGap0>

How well managed brands work



All activities communicate the brand

It is not just the logo



Every application

Every point of touch

Every product

Every member of staff

Every rumour

Marketing Today and tomorrow?

- Brand reputation - formed by experiences, focus on experience enhancement, must be relevant
- All touch points reflect on the brand
- Find that “special” difference in the process of value creation, enable employees
- Focus on delivery not just promise
- Creators not consumers (Palmer, 2013)
- Marketers as facilitators (Pride, 2013)
- Focus on innovation and disruption
- Content marketing, AI and virtual reality



Case study: innocent

- Apply the 3 levels of a product to innocent
- What message does the brand communicate?
- What do the organisation's activities communicate?
- ***FT only – presentation of the marketing audit***

Additional reading:

- Wood, L. (1990), 'The end of the product life cycle? Education says goodbye to an old friend', *Journal of Marketing Management*, 6, 2, 145–55
- Shostack, G. L. (1977), 'Breaking free from product marketing', *Journal of Marketing*, 41 (April), 73–80
- Vargo, S.L. and Lusch, R.F. (2004), 'Evolving to a new dominant logic for marketing', *Journal of Marketing*, 68, 1 (January), 1–17
- Kohler, T., Matzler, K., and Füller, J. (2009), 'Avatar-based innovation: using virtual worlds for real-world innovation', *Technovation*, 29, 6/7, 395–407

Summary

- A product is anything that is capable of satisfying customer needs. Brands are the means by which companies differentiate their offerings from those of the competitors.
- The three different levels of product, namely, the core, the actual and the augmented product and how differentiation can take place at any of these levels.
- The key to developing a brand is the brand name and the positioning of the brand.
- Brand management may involve dealing with own-label brands, brand extension, pan-European, global and co-branding decisions.
- Portfolio planning and the product life cycle are important for the management of a diverse group of products and brands.
- New product development should be carefully managed throughout the development process.