Building Strong Brands: Three Models for Developing and Implementing Brand Plans

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Introduction

Measuring, developing and implementing marketing programs can be very complicated. It is important for managers to consider the impact of their marketing decisions on brand value. Three models of branding are presented to help guide managerial efforts:

1) *Brand Positioning*: Describes how to guide integrated marketing to maximize competitive advantages.
2) *Brand Resonance*: Describes how to create intense, actively loyal relationships with customers.
3) *Brand Value Chain*: Describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments.

Excellence in marketing requires the organization to implement holistic marketing practices. Taken together, these models present a way to execute and measure a firm's progress in brand related marketing efforts.

Brand Positioning

Brand positioning is one of the oldest marketing topics. Traditionally, firms have concentrated on the benefits that set them apart from the competition – their points of difference. However, two other aspects deserve attention: competitive frames of reference and points of parity.

The competitive frame of reference defines the associations that consumers use to evaluate points of parity and points of difference. The frame of reference often includes other brands in the same category, but could also include brands in other related categories.

Points of parity are the shared values between the target brand and its competitors. These values are the common denominators that define the category. Points of parity can be leveraged to negate competitors' points of difference, as demonstrated in Figure 1.

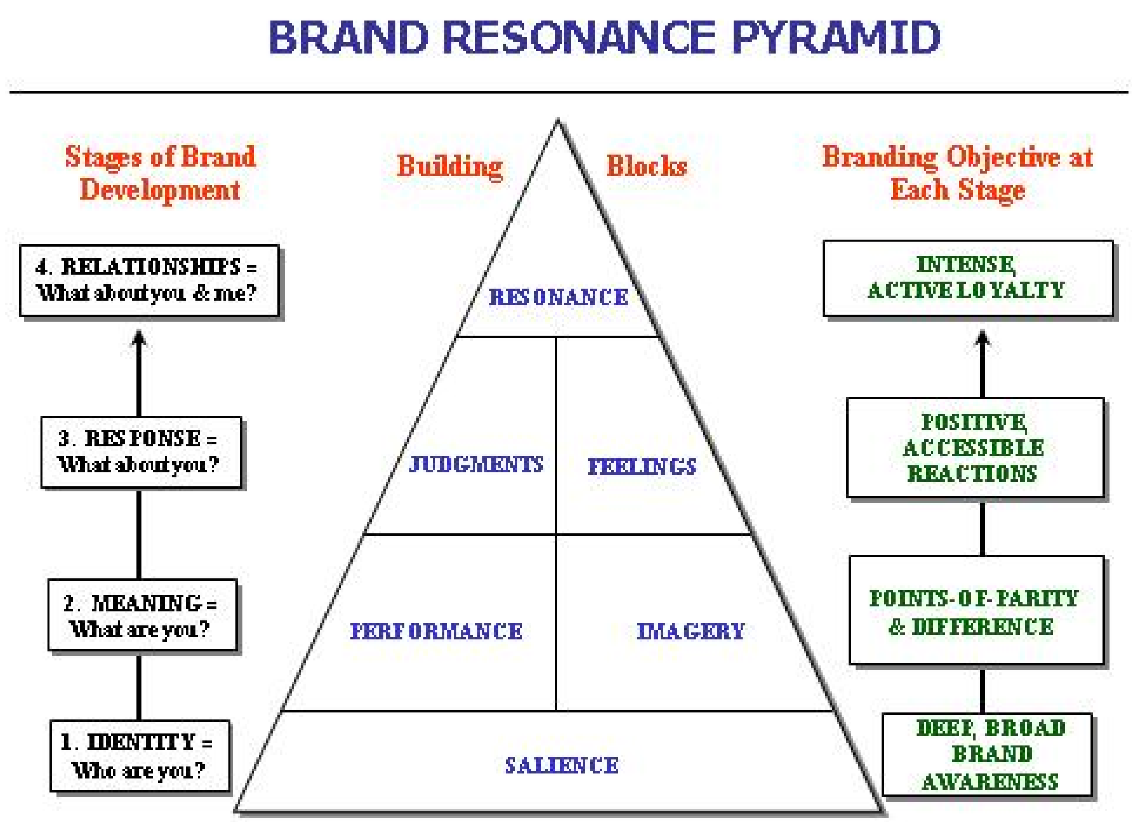
Fig. 1

This mental map shows the range of associations for Nike. Some associations are product specific while others are not. Brands typically have many associations, but only three to five are the primary drivers of brand equity. Core associations for Nike include: innovative technology, high quality/stylish products, joy and celebration of sports, maximum performance, self-empowerment and inspiring, locally and regionally involved, and globally responsible. When compared to Reebok, comfort and stylishness are points of parity while technology and empowerment are points of difference. Compared to Adidas, performance and quality are points of parity while technology and empowerment are points of difference.

Brand Resonance

Brand resonance is characterized by strong connections between the consumer and the brand. Brands with strong resonance benefit from increased customer loyalty and decreased vulnerability to competitive marketing actions. The challenge for the brand is to ensure that the customer has the right experiences to create the right brand knowledge. Building this resonance involves a series of steps, as seen in Figure 2.

Fig. 2

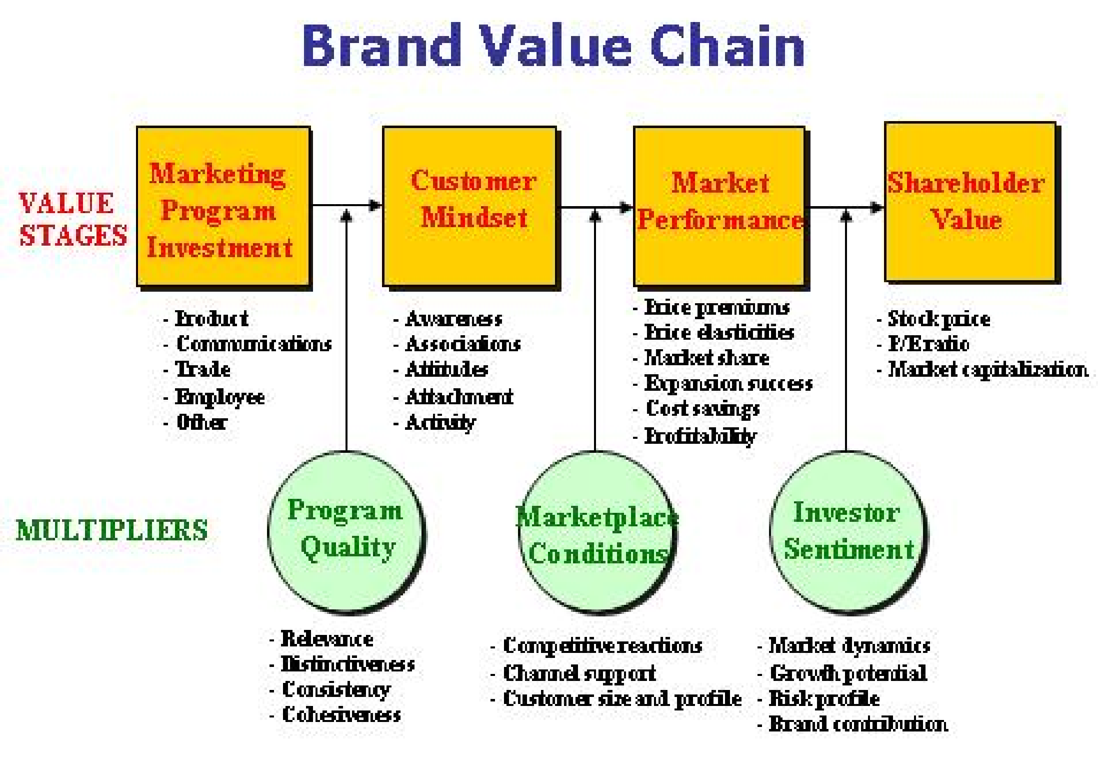


The first stage of brand development is identity. At this stage, consumers are just beginning to understand what the brand is. Salience refers to how easily or often a consumer thinks of the brand, especially at the right place and right time. The second stage is meaning. Here, consumers begin to understand points of difference and points of parity such as performance and reliability. The third stage is response, which is where consumers judge the brand with their heads and hearts. Consumers judge factors such as credibility, expertise, and trustworthiness. Feelings at this stage can be divided into two categories: experiential and enduring. Warmth, fun and excitement are experiential feelings. They are more immediate and short-lived than enduring feelings. Enduring feelings, such as security, social approval, and self-respect, are private and potentially part of day-to-day life. The final stage is resonance, or intense, active loyalty. This is where customers feel a connection or sense of community with the brand and they would miss it if it went away.

Brand Value Chain

The brand value chain helps assess the financial return of developing the brand. There are four stages to this model. Some of the relationships have not yet been directly measured, but are important to consider when valuing a brand. They are displayed in Figure 3.

Fig. 3



The first line shows the four stages of the brand value chain. The second line shows multipliers, or filters, between these stages. These multipliers are factors that influence the impact of one stage on the subsequent stage.

First, brands must invest in the marketing program in such areas as the product, employees, or advertising. All of these factors affect brand value in the future. Program quality factors such as distinctiveness of commercials or consistency of service determine how much the first stage influences the second stage, customer mindset.

Customer mindset includes the 5 A's: awareness, associations, attitudes, attachment, and activity. These dimensions are hierarchical in nature so that awareness supports consumers' ability to make brand associations. Those associations, in turn, drive attitudes which can lead to attachment and ultimately activity. Translation of the 5 A's to brand value depends on multipliers related to marketplace conditions such as competitive reactions and support from channels or intermediaries.

Market performance is the stage where brand performance can be measured in the marketplace. Price premiums and price elasticity demonstrate the brand's ability to charge a premium, market share demonstrates the brand's ability to drive sales, expansion success is the brand's opportunity to increase revenue streams, and cost savings are possible if the consumers' knowledge is strong enough that marketing expenditures can be decreased while maintaining the same effectiveness. Finally, the first five factors determine a brand's ability to have profitable sales. These factors ultimately lead to shareholder value, but only after investor sentiment is included in the calculation. Market forces such as growth potential and risk profile can affect the ultimate evaluation.

The final stage of the brand value chain is shareholder value. Measurements in this stage include stock price, price/earnings ratios, and market capitalization. Taken together, these stages allow managers to evaluate the value of their brand and can suggest where improvements can be made.

References

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Presented at the Institute for Research in Marketing's *Carlson on Branding*
May 19-20, 2006

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