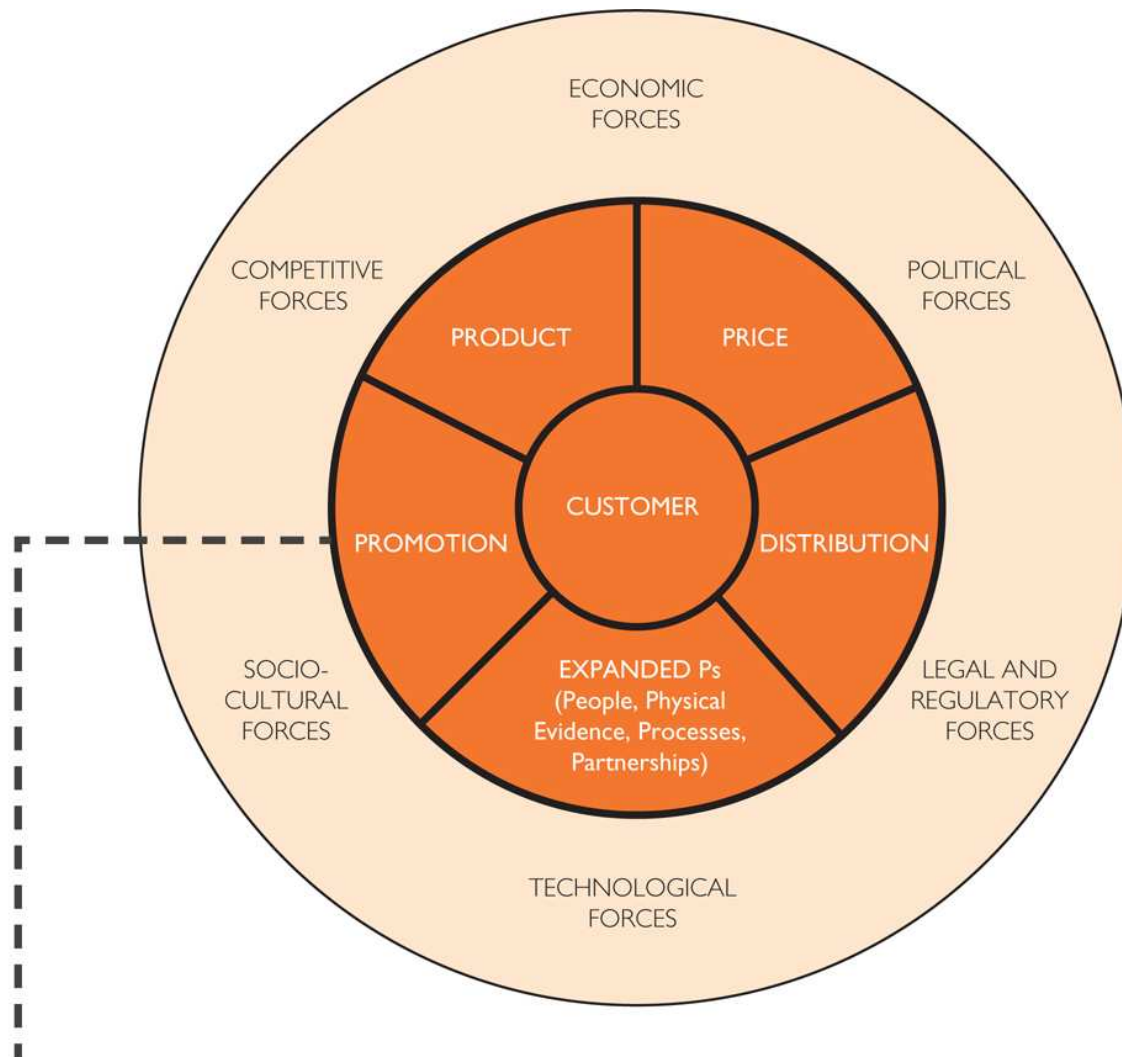




Learning Objectives:

- Understand the concept of branding
- Explain the value of branding and understand brand equity
- Discuss brand strategy decisions
- Understand the concept of a product and how products are classified
- Understand the nature and unique characteristics of services



THE POWER OF BRANDING

What is a Brand?

- **Brand** – A name, term, design, symbol or other feature that identifies one marketer's product as distinct from those of other marketers
- **Brand Name** – The part of a brand that can be spoken – including letters, words and numbers
- **Brand Mark** – The part of a brand not made up of words, such as a symbol or design
- **Trademark** – Legal designation of exclusive use of a brand
- **Trade name** – Full legal name of organisation

The Value of Branding – To Buyers

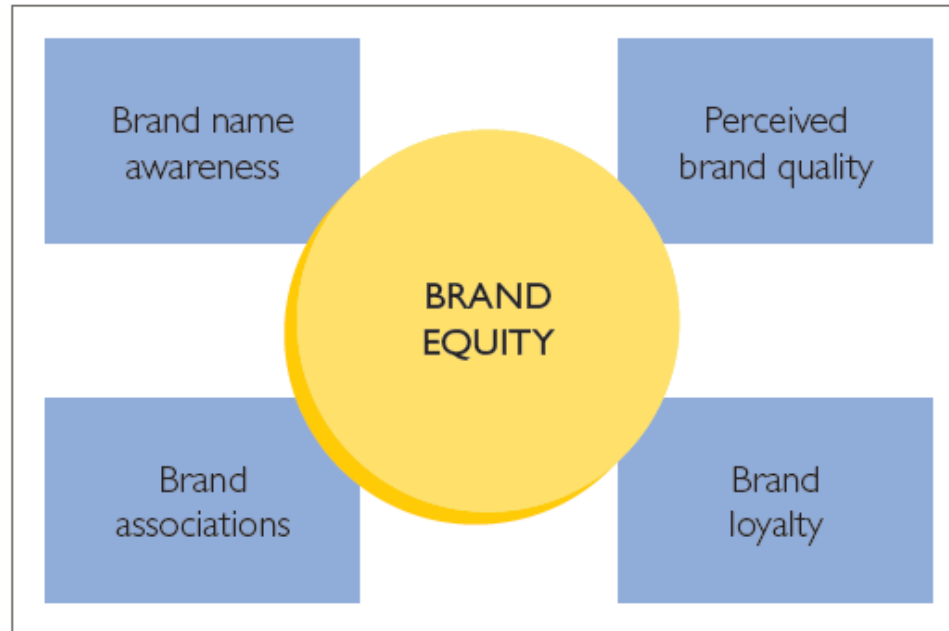
- Helps facilitate consumer purchases by identifying specific preferred products that satisfy their needs
- Without brands, product selection would be quite random and based mostly on price
- Provides a form of self-expression and status
- Symbolises a level of product quality in the customer's perception
- Reduces the risk of purchase of 'competitive' but inferior or inadequate products

The Value of Branding – To Sellers

- Identifies and differentiates a firm's products from competing products
- Familiarity with the name and perceived quality
 - Facilitates the promotion of all same-brand products
 - Helps in the introduction of new products
- Fosters the development of brand loyalty – repeat purchasing
 - Leading to more stable market share, and less reliance on price-cutting to attract customers

Brand Equity

- **Brand equity** – the marketing and financial value associated with a brand's strength in a market



Source: Adapted with the permission of The Free Press, a division of Simon & Schuster Adult Publishing Group, from *Managing Brand Equity: Capitalizing on the Value of a Brand Name*, by David A. Aaker. Copyright © 1991 by David A. Aaker. All rights reserved.

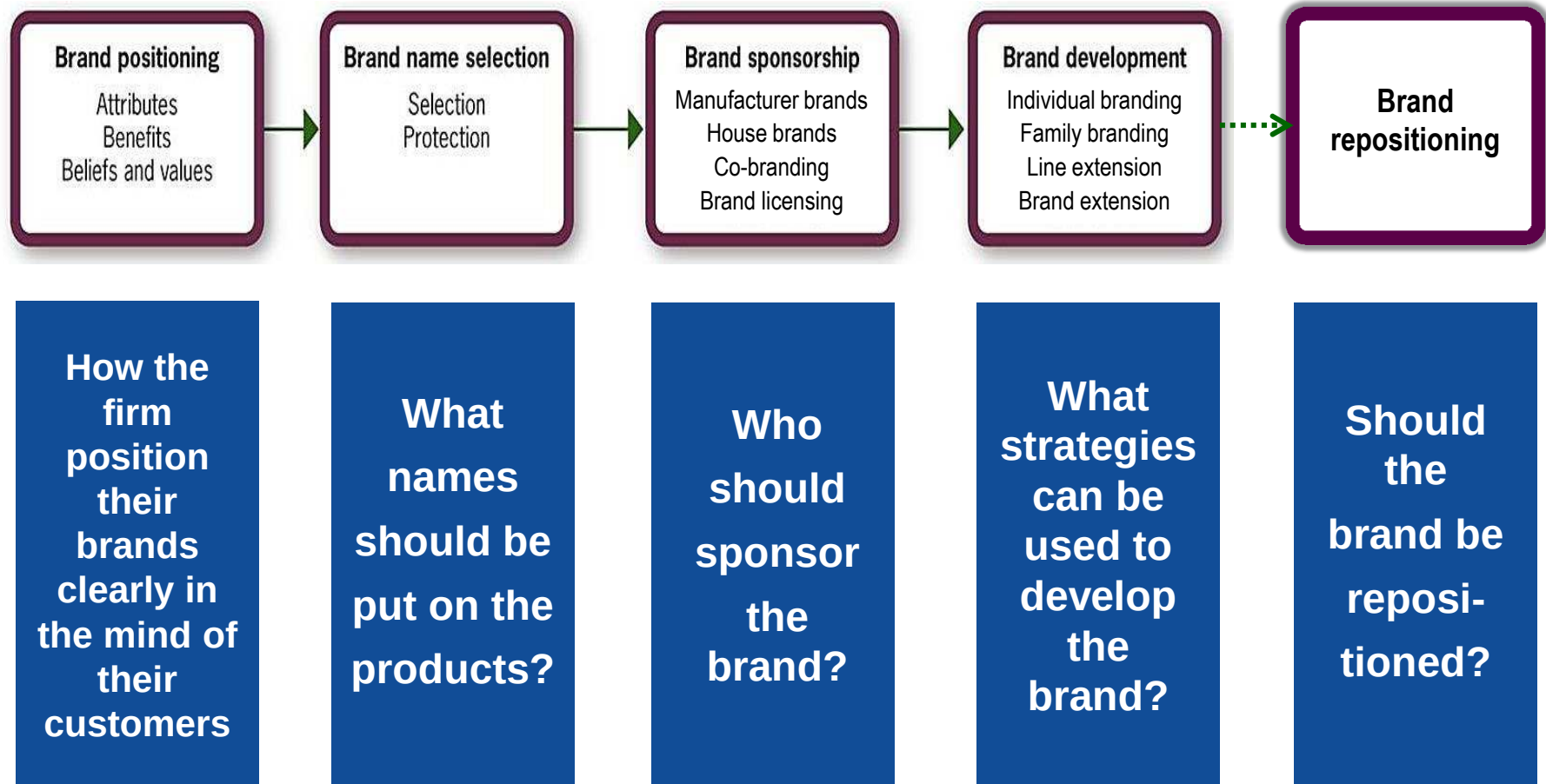
(Figure 7.1, Pride 2e, p.223)

Major Elements of Brand Equity

- **Brand awareness** – the extent to which a brand is recognised by potential customers, and correctly associated with a particular product or service
- **Brand association** – the set of associations linked to a brand which connect a particular lifestyle or a certain personality type with a specific brand
- **Perceived brand quality** – an intangible, overall brand evaluation
- **Brand loyalty** – a customer's favourable attitude toward a specific brand

See pp. 224-25 of
the prescribed
textbook for details

Branding Decisions



(Adapted from Kotler et al., 2013, p. 302)



Selecting A Brand Name

- The name should:
 - be easy to say, spell, and recall
 - indicate the product's major benefits
 - suggest the product's major uses and special characteristics
 - be distinctive, setting it apart from competing brands and be compatible with all products in line
 - be designed for use and recognition in all types of media
 - consider cultural interpretations
 - be capable of registration and legal protection



Brand Sponsorship

➤ Manufacturer brands

- Brands initiated by producers
- Producers are identified with their products at the point of purchase

➤ House brands

- Brands initiated and owned by resellers
- Also called store brands or generic brands
- Manufacturers are not identified in the product



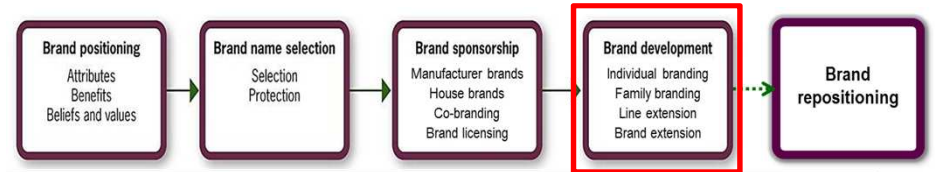
Brand Sponsorship

➤ Co-branding

- Using two or more brands on one product
- The brands can be owned by the same company or different companies

➤ Brand licensing

- An agreement whereby a company permits another organisation to use its brand on other products for a licensing fee
- The brand licensee is responsible for all manufacturing, selling and advertising functions



Brand Development

➤ Individual branding

- Naming each of a firm's product differently

➤ Family branding

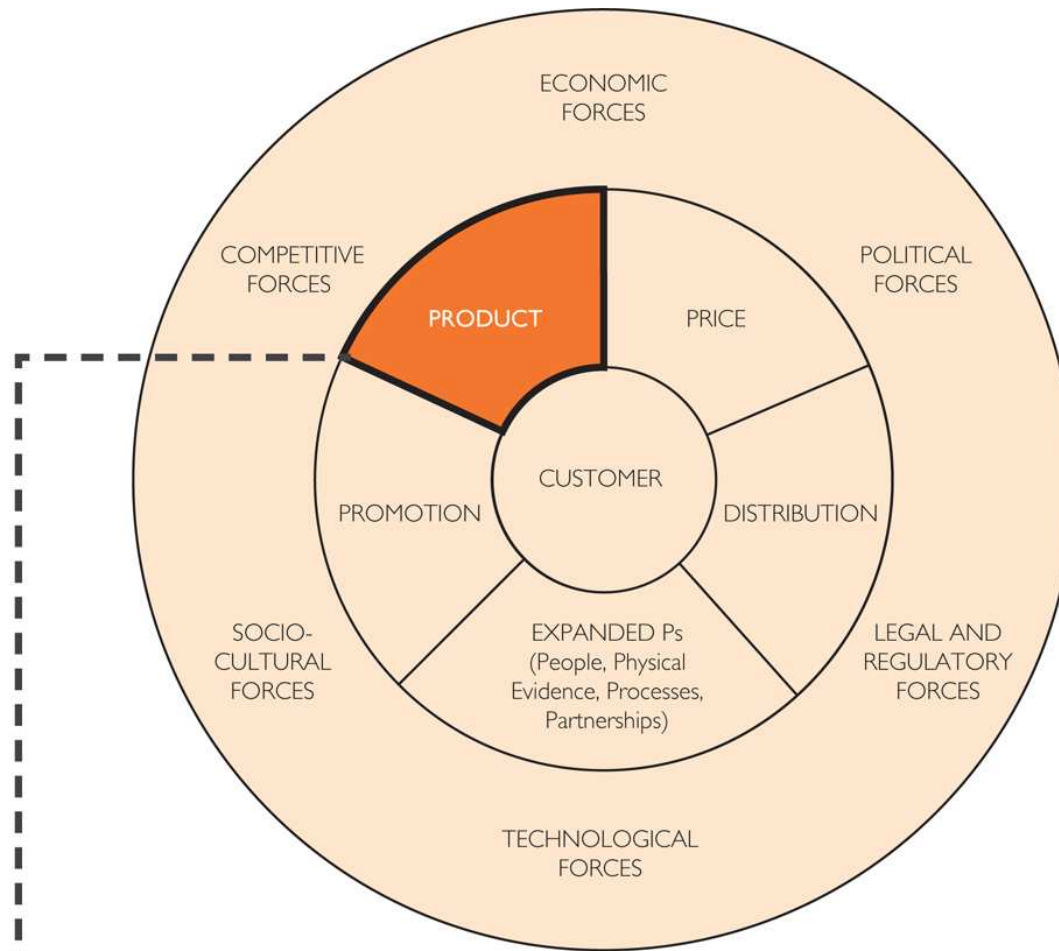
- Branding all of a firm's products with the same name

➤ Line extension

- Using an existing brand on a new product in the same product category

➤ Brand extension

- Using an existing brand to brand a new product in a different product category



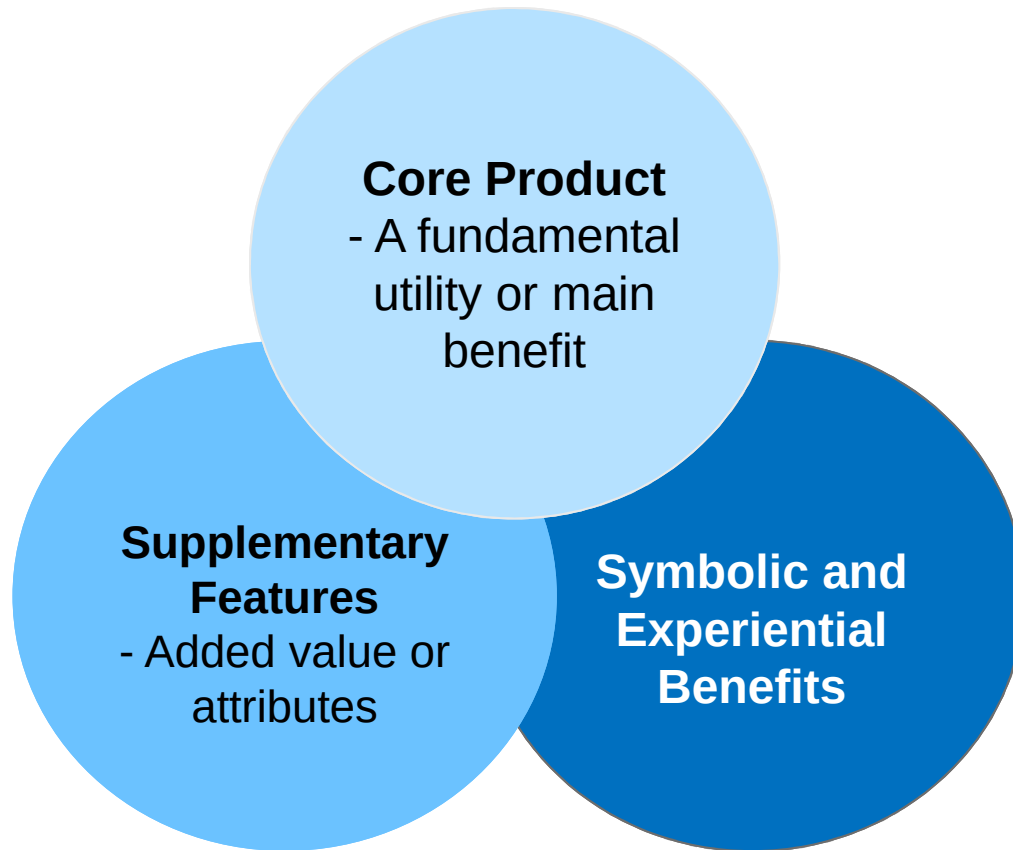
DEVELOPING AND MANAGING GOODS AND SERVICES

What is a Product?

- A good, a service or an idea received in an exchange
 - A good is a tangible physical entity (or thing)
 - A service is a mostly intangible result of the application of human and mechanical efforts to people or objects
 - An idea is a concept, philosophy, image or issue

Total Product Offering

- Three
interdependent
elements of total
product offering



Classifying Products

CONSUMER PRODUCTS

Products purchased to
satisfy personal and
family needs

BUSINESS PRODUCTS

Products bought to use in
an organisation's
operations, to resell or to
make other products

Consumer Products

CONVENIENCE PRODUCTS

Inexpensive and frequently purchased with minimal purchasing effort

SHOPPING PRODUCTS

Buyers willing to expend considerable effort in planning and making the purchase

SPECIALTY PRODUCTS

Possess one or more unique characteristics and buyers are willing to expend considerable effort to obtain them

UNSOUGHT PRODUCTS

Purchased when a sudden problem must be solved, customers are unaware of them and do not usually think of purchasing them

Business Products

INSTALLATIONS

Facilities and
non-portable
equipment

ACCESSORY EQUIPMENT

Not part of final
product

COMPONENT PARTS

Finished items ready
for assembly or need
little processing

RAW MATERIALS

Natural materials
part of product

PROCESS MATERIALS

Used in
production but
not identifiable

MRO SUPPLIES

Maintenance,
repair, and
operating items
not part of final
product

BUSINESS SERVICES

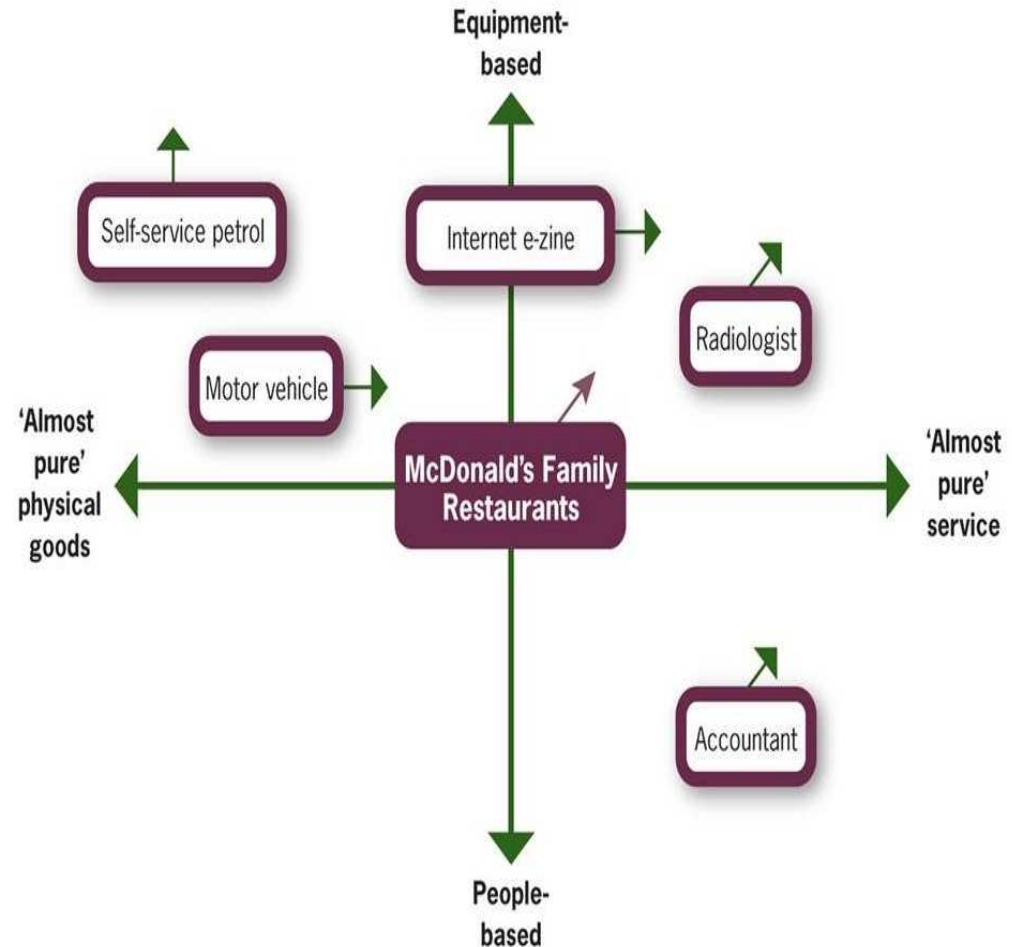
Intangible
products used
in operations

The Nature of Services

- All products contain both tangible and intangible elements.
Thus, products should be marketed with such combinations in mind
- **Services** are highly intangible products involving deeds, performances or efforts that cannot be physically possessed
 - Services are dominated by the intangible elements of the total product
 - Services are usually provided through the application of human/mechanical efforts directed at people or objects

Goods – Services Continuum Concept

- Products would be best viewed as lying on a continuum between the two extremes and involving a combination of physical goods and services



(Kotler et al., 2013, p. 277)

Service Characteristics

INTANGIBILITY

Services cannot be seen and touched

INSEPARABILITY

Services are produced and consumed at the same time

PERISHABILITY

Services cannot be stored for future use

HETEROGENEITY

No two services can be of the same quality

CLIENT-BASED RELATIONSHIP

Interaction that leads to satisfied customers

CUSTOMER CONTACT

The level of interaction between service provider and customer needed to deliver the service

Service Characteristics and Marketing Challenges

Service characteristics	Resulting marketing challenges
Intangibility	Difficult for customer to evaluate Customer does not take physical possession Difficult to advertise and display Difficult to set and justify prices Service process usually not protectable by patents
Inseparability	Service provider cannot mass produce services Customer must participate in production Other consumers affect service outcomes Services are difficult to distribute
Perishability	Services cannot be stored Balancing supply and demand is very difficult Unused capacity is lost forever Demand may be very time-sensitive

(Continues next slide)

Service Characteristics and Marketing Challenges (Continued)

Service characteristics	Resulting marketing challenges
Heterogeneity	Service quality is difficult to control Service delivery is difficult to standardise
Client-based relationships	Success depends on satisfying and keeping customers over the long term – generating repeat business is challenging Relationship marketing becomes critical
Customer contact	Service providers are critical to delivery Requires high levels of service employee training and motivation Changes a high-contact service into a low-contact service to achieve lower costs without reducing customer satisfaction

Sources: K. Douglas Hoffman and John E. G. Bateson, *Essentials of Services Marketing* (Mason, OH: South-Western, 2001); Valerie A. Zeithaml, A. Parasuraman and Leonard L. Berry, *Delivering Quality Service: Balancing Customer Perceptions and Expectations* (New York: Free Press, 1990); Leonard L. Berry and A. Parasuraman, *Marketing Services: Competing through Quality* (New York: Free Press, 1991), p. 5.

(Table 9.1, Pride 2e, p.312)



Summary:

- Brand is a name, term, design, symbol or other feature that identifies one marketer's product as distinct from those of other marketers
- Branding is the key to creating a competitive advantage
- Brand equity is the marketing and financial value associated with a brand's strength
- Marketers need to make a range of brand strategy decisions, including brand positioning, brand name selection, brand sponsorship, and brand development, etc
- A product is a good, a service, an idea or any combination of the three received in an exchange
- Products can be classified into consumer products and business products. Consumer products can be subdivided into convenience, shopping, specialty and unsought products
- Services are dominated by the intangible elements of the total product. They have six fundamental characteristics: intangibility, inseparability, perishability, heterogeneity, client-based relationships and customer contact