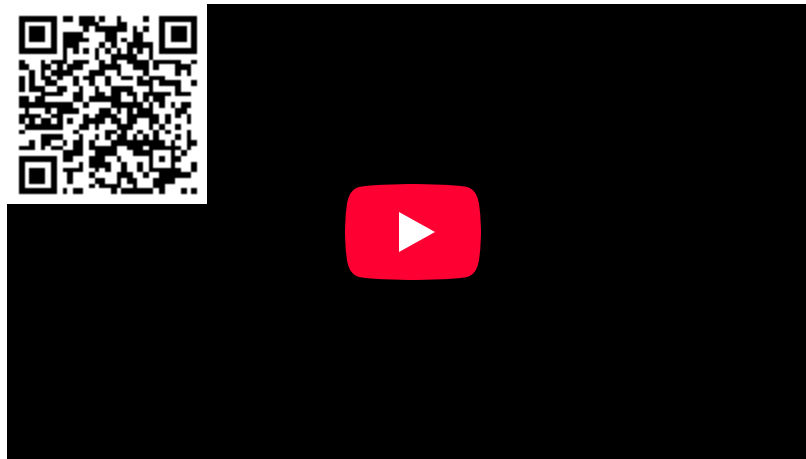


## 28.24.12: Reading- Branding

### Defining a Brand

Before you begin reading about branding and the strategies companies can adopt when placing their mark on a product, take a few minutes to watch the following video about Starbucks, a truly global brand:



A brand is a promise: the promise of what a company or product will provide to the people who interact with it. A brand consists of all the features that distinguish the goods and services of one seller from another: name, term, design, style, symbols, customer touch-points, etc. Together, all elements of the brand work as a psychological trigger or stimulus that causes an association to all other thoughts we have about this brand. Brand encompasses visual design elements (i.e., logo, color, typography, images, tagline, etc.), distinctive product features (i.e. quality, design sensibility, etc.), and intangible aspects of customers' experience with a product or company (i.e. reputation, customer experience, etc.). Branding may take place at multiple levels: the company as a whole, individual products or product lines. Other entities that work to build consumer loyalty can also be considered brands, such as celebrities (e.g. Lady Gaga), events (e.g. Susan G. Komen Race for the Cure) and places (e.g. Las Vegas).

### History

The word “brand” is derived from the Old Norse “brand” meaning “to burn,” which refers to the practice of producers burning their mark (or brand) onto their products. Italians are considered among the first to use brands in the form of watermarks on paper in the 1200s. However, in mass-marketing, this concept originated in the nineteenth century with the introduction of packaged goods.

During the Industrial Revolution, the production of many household items, such as soap, was moved from local communities to centralized factories to be mass-produced and sold to the wider markets. When shipping their items, factories branded their logo or insignia on the barrels used. Eventually these “brands” became trademarks, or recognized symbols of a company or product that are established by use. These new brand marks enabled packaged-goods manufacturers to communicate that their products are distinctive and should be trusted as much as (or more than) local competitors. Campbell Soup, Coca-Cola, Juicy Fruit gum, Aunt Jemima, and Quaker Oats were among the first products to be “branded.”



Figure 28.24.12.1: The Coca-Cola logo is an example of a widely recognized trademark and global brand.

## Connotations

A successful brand is much more than just a name or logo. Brand is the sum of perceptions about a company or product in the minds of consumers. Effective brand-building can create and sustain a strong, positive, and lasting impression that is difficult to displace. Brands provide external cues to taste, design, performance, quality, value or other desired attributes if they are developed and managed properly. Brands convey positive or negative messages about a company, product or service. Brand perceptions are a direct result of past advertising, promotion, product reputation and customer experience.

A brand can convey multiple levels of meaning, as follows:

1. **Attributes:** specific product features. The Mercedes-Benz brand, for example, suggests expensive, well-built, well-engineered, durable vehicles.
2. **Benefits:** attributes translate into functional and emotional benefits. Mercedes automobiles suggest prestige, luxury, wealth, reliability.
3. **Values:** company values and operational principles. The Mercedes brand evokes company values around excellence and high performance.
4. **Culture:** cultural elements of the company and brand. Mercedes represents German precision, discipline, efficiency, quality.
5. **Personality:** strong brands often project a distinctive personality. The Mercedes brand personality combines luxury and efficiency, precision and prestige.
6. **User:** brands may suggest the types of consumers who buy and use the product. Mercedes drivers might be perceived and classified differently than, for example, the drivers of Cadillacs, Corvettes or BMWs.



Figure 28.24.12.2: As an automobile brand, the Mercedes-Benz logo suggests high prestige.

## What Is the Purpose of Branding and Why Is It So Important?

Effective branding encompasses everything that shapes the perception of a company or product in the minds of customers. Names, logos, brand marks, trade characters and trademarks are commonly associated with brand, but these are just part of the picture. Branding also addresses virtually every aspect of a customer's experience with a company or product: visual design, quality, distinctiveness, purchasing experience, customer service, and so forth. Branding requires a deep knowledge of customers and how they experience the company or product. Brand-building requires long-term attention and investment in communicating about and delivering the unique value embodied in a company's "brand," but this effort reaps long-term profitability.

In consumer and business-to-business markets, branding can influence whether consumers will buy the product and how much they are willing to pay. Branding can also help in new product introduction as a new brand extension or product line builds on consumers' positive perceptions of the established brand.

## Benefits of Branding for the Consumer

Brands help simplify consumer choices. Effective branding enables the consumer to easily identify a desirable company or product because the features and benefits have been communicated effectively. Positive, well-established brand associations increase the likelihood consumers will select, purchase and consume the product. Dunkin' Donuts, for example, has an established logo and imagery familiar to many U.S. consumers. The vivid colors and image of a DD cup are easily recognized and distinguished from competitors, and many associate this brand with tasty donuts, good coffee and great prices.



Figure 28.24.12.3: The Dunkin' Donuts logo, which includes an image of a DD cup of coffee, makes it easy to spot anywhere. The coffee is known for being a good value at a great price.

### Benefits of Branding for the Manufacturer

Branding helps create loyalty. It decreases the risk of losing market share to the competition by establishing a differential advantage. Strong brands often command premium pricing from consumers who are willing to pay more for a product they know, trust, and perceive as offering good value. Branding can be a great vehicle for effectively reaching target audiences and positioning a company relative to the competition. Brand is the ultimate touchstone to guide choices around messaging, visual design, packaging, marketing, communications and product strategy.

For example, Starbucks' loyal fan base values and pays premium prices for its coffee. Starbucks' choices about beverage products, neighborhood shops, the buying experience and corporate social responsibility all help build the Starbucks brand and communicate its value to a global customer base.



Figure 28.24.12.4: The Starbucks brand is associated with premium, high-priced coffee.

The Starbucks brand is associated with premium, high-priced coffee.

### Benefits of Branding for the Retailer

Branding enables the retailer to benefit from brand marketing support by helping to attract more customers (ideally ones who normally don't frequent the establishment). For example, a customer who truly values organic brands might decide to visit a Babies R Us to shop for organic household cleaners that are safe to use around babies. This customer might have learned that a company called BabyGanics, which brands itself as making "safe, effective, natural household solutions," was only available at this particular retailer.

### Brand Loyalty

In marketing, brand loyalty refers to a consumer's commitment to repurchase or otherwise continue using a particular brand by repeatedly buying a product or service.

The American Marketing Association defines brand loyalty in the following ways:

1. The situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category (sales promotion definition)
2. The degree to which a consumer consistently purchases the same brand within a product class (consumer behavior definition)

Aside from a consumer's ability to repurchase a brand, true brand loyalty exists when the customer is committed to the brand, and the customers have a high relative attitude toward the brand, which is then exhibited through repurchase behavior. For example, if Joe has brand loyalty to Company A, he will purchase Company A's products even if Company B's products are cheaper and/or of a higher quality.

Brand loyalty is viewed as a multidimensional construct, determined by several distinct psychological processes, such as the customers' perception of value, brand trust, satisfaction, repeat-purchase behavior, and commitment. Commitment and repeated-purchase behavior are considered necessary conditions for brand loyalty, followed by perceived value, satisfaction, and brand trust.

Philip Kotler identifies the following four customer types that exhibit similar patterns of behavior:

1. Hardcore Loyals, who buy the brand all the time
2. Split Loyals, loyal to two or three brands
3. Shifting Loyals, moving from one brand to another
4. Switchers, with no loyalty (possibly “deal-prone,” constantly looking for bargains, or “vanity prone,” looking for something different)

## Benefits of Brand Loyalty

The benefits of brand loyalty are longer tenure (or staying a customer for longer), and lower sensitivity to price. Recent research found evidence that longer-term customers were indeed less sensitive to price increases.

According to Andrew Ehrenberg, consumers buy “portfolios of brands.” They switch regularly between brands, often because they simply want a change. Thus, “brand penetration” or “brand share” reflects only a statistical chance that the majority of customers will buy that brand next time as part of a portfolio of brands. It does not guarantee that they will stay loyal.

By creating promotions and loyalty programs that encourage the consumer to take some sort of action, companies are building brand loyalty by offering more than just an advertisement. Offering incentives like big prizes creates an environment in which customers see the advertiser as more than just the advertiser. Individuals are far more likely to come back to a company that uses interesting promotions or loyalty programs than a company with a static message of “buy our brand because we’re the best.”

## Popular Loyalty Programs

Below are some of the most popular customer loyalty programs in use today by major companies as a means of engaging their customers beyond traditional advertising:

- Sweepstakes and Advergames
- Branded digital games that engage consumers with prize incentives
- Contests
- Skill tests and user-generated promotions such as video and photo contests
- Social media applications and management
- Social media promotions and offers
- Customer rewards programs (e.g. pay lower prices using a frequent buyer card)
- Points-based loyalty programs, awarding prizes for incremental purchase behavior (e.g., frequent flyer programs)
- Coupons (hard copy and/or digital)
- Promotional auctions—bid for prizes with points earned from incremental purchase behavior
- Email clubs
- Subscription databases—national and/or segmented by market
- SMS Promotions
- iPhone apps
- Branded web apps

## Brand Equity

In marketing, brand equity refers to the value of a brand that is well-known and conjures positive mental and emotional associations. For any given product, service, or company, brand equity is considered a key asset because it helps the brand remain relevant and competitive. Brand equity can manifest itself in consumer recognition of logos or other visual elements, brand language associations made by consumers’ perception of quality, and value among other relevant brand attributes.

When consumers trust a brand and find it relevant, they may select the offerings associated with that brand over those of competitors even at a premium price. For example, Starbucks can sell its coffee at a higher price than solid market competitors because consumers associate the brand with quality and value. This is why brand equity often correlates directly with a brand’s profitability.

## Measuring Brand Equity

Brand equity is strategically important, but also difficult to quantify. As a result, many experts have developed tools or metrics to analyze this asset, although there is no universally accepted way to measure it. For example, while it can be measured

quantitatively using numerical values such as profit margins and market share, this approach fails to capture qualitative elements such as prestige and mental and emotional associations.

According to David Aaker, a marketing professor and brand consultant, the following are ten attributes of a brand that can be used to assess its strength:

1. Differentiation
2. Satisfaction or loyalty
3. Perceived quality
4. Leadership or popularity
5. Perceived value
6. Brand personality
7. Organizational associations
8. Brand awareness
9. Market share
10. Market price and distribution coverage

### Brand Asset Valuator

Young & Rubicam, a marketing communications agency, has developed the brand asset valuator, a tool to diagnose the power and value of a brand. The agency uses this tool to survey and measure consumers' perspectives along the following four dimensions:

- **Differentiation:** The defining characteristics of the brand and its distinctiveness relative to competitors
- **Relevance:** The appropriateness and connection of the brand to a given consumer
- **Esteem:** Consumers' respect for and attraction to the brand
- **Knowledge:** Consumers' awareness of the brand and understanding of what it represents

Below are other ways that brand equity can be measured. These can be used individually or in combination:

- **At the firm level:** Brand equity can be studied as a financial asset by making a calculation of a brand's worth as an intangible asset. For example, a company can estimate brand value on the basis of projected profits discounted to a present value. In turn, the present value can be used to calculate the risk profile, market leadership, stability, and global reach.
- **At the product level:** The price of an equivalent well-known brand can be compared to that of a competing, no-name or private label product.
- **At the consumer level:** This measure seeks to map the mind of the consumer to uncover associations with the given brand. For example, projective techniques can be used to identify tangible and intangible attributes, attitudes, and various perceptions about the brand. Under this approach, the brands with the highest levels of awareness and most favorable and unique associations are considered high equity brands.

### Types of Brands

As alluded to earlier, different types of brands include: individual products, product ranges, services, organizations, individual persons, groups, events, geographic places, private label brands, media, and e-brands.

**Individual Brands.** The most common type of brand is a tangible, individual product, such as a car or drink. This can be very specific, such as the Kleenex brand of tissues, or can comprise a wide range of products. Product brands can also be associated with a range, such as the Mercedes S-class cars or all varieties of Colgate toothpaste.

**Service Brands.** A service brand develops as companies move from manufacturing products to delivering complete solutions and intangible services. Service brands are characterized by the need to maintain a consistently high level of service delivery. This category comprises the following:

- Classic service brands (such as airlines, hotels, car rentals, and banks).
- Pure service providers (such as member associations).
- Professional service brands (such as advisors of all kinds – accountancy, management consultancy).
- Agents (such as travel agents and estate agents).
- Retail brands (such as supermarkets, fashion stores, and restaurants).

**Organization Brands.** Organization brands are companies and other entities that deliver products and services. Mercedes and the US Senate each possess strong organization brands, and each has qualities associated with them that constitute their brand.

Organizations can also be linked closely with the brand of an individual. For example, the U.S. Democratic party is closely linked with President Barack Obama.

**Personal Brands.** A person can be considered a brand. It can be comprised of one, as in the case of Oprah Winfrey, or a few individuals, where the branding is associated with different personalities, such as with the American Democratic Party.

**Group Brands.** Group branding happens when there is a small group of branded entities that have overlapping, interconnected brand equity. For example, the OWN brand of the Oprah Winfrey Network and the brand of its known members (Oprah and her team) are strongly connected. The OWN group brand is closely linked to Oprah Winfrey herself.



Figure 28.24.12.5: OWN: The Oprah Winfrey Network

**Event Brands.** Events can become brands when they strive to deliver a consistent experience that attracts consumer loyalty. Examples include conferences the TED series; music festivals like Coachella or SXSW; sporting events like the Olympics or NASCAR; touring Broadway musicals like Wicked. The strength of these brands depends on the experience of people attending the event. Savvy brand managers from product, service and other types of brands realize the power of event brands and seek to have their brands associated with the event brands through sponsorships. Event sponsorship is now a thriving big business.

**Geographic Place Brands.** Many places or areas of the world seek to brand themselves to build awareness of the essential qualities they offer. Branded places can range from countries and states to cities, streets and even buildings. Those who govern or represent these geographies work hard to develop the brand. Geographic branding is used frequently to attract commerce and economic investment, tourism, new residents, and so forth.

**Private Label Brands.** Private label brands, also called own brands, or store brands, exist among retailers that possess a particularly strong identity (such as Save-A-Lot). Interestingly, private labels may denote superior, “select” quality or lower cost for a quality product.

**Media Brands.** Media brands include newspapers, magazines, and television channels such as CNN.



Figure 28.24.12.6: CNN Logo

CNN Logo

**E-Brands.** E-Brands exist only in the virtual world. Many e-brands, such as Amazon.com have a central focus on providing an online front end for delivering physical products or services. Others provide information and intangible services to benefit consumers. Typically a common denominator for e-brands is a focus on delivering a valued service or experience in the virtual environment.

## Brand Ownership

Brand ownership is about building, developing and sustaining a brand that reflects your principles and values and which effectively persuades consumers to believe in and purchase your product/service.

In order to really own your brand, you must have a clear understanding of where your brand stands in the marketplace today, and a concrete strategy that outlines how you wish to manage and grow your brand moving forward in support of company strategy and objectives. Equally important is understanding what makes your brand different. You must also create clear and persuasive messaging communication targeting your end consumer. You should also develop a plan to reach your goals in a realistic and organized fashion.

When you truly own your brand, your money is spent wisely on marketing that is targeted, sharp and effective because you have a sophisticated understanding of the marketplace, your product/service, your consumer base and your strategy. This will translate into disciplined and effective brand management that will enable you to remain relevant in a rapidly-changing [and oftentimes saturated] marketplace.

Brand ownership should also be considered the responsibility of its management and employees. Steve Jobs, for example, was considered a leader in shaping the identity of Apple, which has helped fuel a very high stock price for the company. As a result, the brand image and reputation has attracted some of the world's best talent which, in turn, has yielded an variety of innovative mobile products that will undoubtedly be marked in the history of popular consumer culture.

A brand owner may seek to protect proprietary rights in relation to a brand by registering the trademark such that it becomes a "Registered Trademark. " Also, a firm or licensor can also grant the right to use their brand name, patents or sales knowledge in exchange for some form of payment.



Figure 28.24.12.7: The Registered Trademark symbol

A brand identifies a commercial product or service as distinct from those of other sellers, and therefore it is made up of all the things that create this distinction. A brand's name is an essential part of this package. A brand name may be a product name, or it may be the name under which the entire organization operates. Because the name is so integral to identity, naming a brand is crucial to its reputation, development, and future success – and to the brand owner's ability to differentiate the brand from its competitors.

### Naming a Brand

Selecting a brand name is one of the most important product decisions a seller makes. A brand name reflects the overall product image, positioning and, ideally, its benefits. A successful brand name can enable a product to: be meaningfully advertised and distinguished from competitors, be tracked down by consumers, and be given legal protection. At its best, a brand can provide a carryover effect when customers are able to associate quality products with an established brand name.

Attention to naming also helps customers associate products within the same brand family. For example, Apple names its mobile products with a lowercase *i*—for example, iPad, iPod, iPhone. Starbucks names its coffee sizes in Italian.

Naming a brand is a systematic effort. It starts with defining the personality and distinctive attributes of the company or product to be named. A scan of the competitive landscape identifies brand names already active in the category, in order to avoid selecting a name that would easily be confused with competitors. Next, the naming team generates potential brand names, screens them to make sure they are available to use legally (no trademark conflicts) and perceptually (no mindshare conflicts with other known brands). It is always wise to conduct market research to test short-listed names among consumers. Ultimately the naming team selects the name with the most potential for creating a strong brand, combined with the least risk from a trademark ownership perspective. Brand names are mandatory if the manufacturer or distributor plans to produce mass advertising for their product.

But before this process even begins, a basic branding strategy must be employed where a company or seller must select from among the following three viable options:

1. A strict manufacturer's branding policy under which a producer can only manufacture merchandise under his own brand
2. An exclusive distributor's brand policy where a producer does not have a brand of his own but agrees to sell his products only to a particular distributor and carry his brand name (typically employed by private brands)
3. A mixed brand policy, which allows elements of both extremes (options 1. and 2. ) and leads to the production of manufacturer's as well as distributor's brands

The image shows the word "iPad" in a large, bold, black sans-serif font.

Figure 28.24.12.8: Apple's iPad—iPad is one of Apple's mobile products named with the distinctive "i."



## Brand Lines

What is a Brand Line? Brand line is a marketing term used to describe all the products sold under a single brand name.

Brand line is a marketing term used to describe all the products sold under a single brand name. New flavors, package sizes, nutritional content, or products containing special additives are included in this definition. More than half of all new products introduced each year are brand line extensions. For example, when a coffee manufacturer adds decaffeinated coffee to the same brand line of coffee products already on the market (such as regular coffee and instant coffee), a line extension has been made. Line extensions do not compete with each other, since each answers different needs and thus appeals to a different market.

Another form of brand extension is a licensed brand extension. In this scenario, the brand-owner works with a partner (sometimes a competitor), who takes on the responsibility of manufacturing and sales of the new products, paying a royalty every time a product is sold.

A company introduces a brand line extension (also referred to as product line extension) by using an established product's brand name to launch a new or slightly different item which may or may not be in the same product category. For example, Diet Coke™ is a line extension of the parent brand Coke™. While the products have distinct differences, they are in the same product category. The new product is oftentimes referred to as a spin-off.



Figure 28.24.12.9: Diet Coke is a brand line extension of the Coca Cola Brand.

## What Is the Purpose of a Brand Line or Brand Extension?

Organizations use this strategy to increase and leverage brand equity. An example of a brand extension is Jell-O gelatin creating Jello pudding pops. It increases awareness of the brand name and increases profitability from offerings in more than one product category.

Brand line extensions are crucial because they reduce financial risk associated with new product development by leveraging the parent brand name to enhance consumers' perception as a result of its core brand equity. Due to the established success of the parent brand, consumers will have instant recognition of the product name and will be more likely to try the new line extension.

Also, launching a new product is time consuming and requires a generous budget to create awareness and to promote a product's benefits. As a result, promotional costs are much lower for a line extension than for a completely new product. More products expand the company's shelf space presence, thereby enhancing brand recognition. For example, consider Campbell's Soups™ – the strength of the Campbell's™ brand lowers costs of launching a new flavor of soup, such as Creamy Chicken Noodle™, due to the established brand name and package design. Consumers who have enjoyed Campbell's Chicken Noodle Soup™ are likely to try Campbell's Creamy Chicken Noodle Soup™, even with minimal impact from advertisements and promotions.

Overall, the main benefits of a brand line extension are:

- Expand company shelf space presence.
- Gain more potential customers.
- Offer customers more variety.
- Greater marketing efficiency.
- Greater production efficiency.
- Lower promotional costs.
- Increased profits.



## Brand Line Extensions Can Also Represent Risk

While there can be significant benefits in brand extension strategies, there can also be significant risks, resulting in a diluted or severely damaged brand image. Poor choices for brand extension may dilute and deteriorate the core brand and damage the brand equity. Most of the literature focuses on the consumer evaluation and positive impact on a parent brand. In practical cases, the failures of brand extension are at a higher rate than the successes. Some studies show that negative impact may dilute brand image and equity. In spite of the positive impact of brand extension, negative association and wrong communication strategy can do harm to the parent brand and even the brand family.

Brand line extensions do present two potential main threats. If the new line extension fails to satisfy, consumers' attitudes toward other products carrying the same brand name may be damaged. Additionally, there is potential for intra-firm competition between the parent product and the line extension or between two or more line extensions. The key to avoiding intra-firm competition is to clearly differentiate between products. Although similar, the products must be different enough that they will not compete with one another as much as they will with the brands of rival companies.

## Branding Strategies

A branding strategy helps establish a product within the market and to build a brand that will grow and mature in a saturated marketplace. Making smart branding decisions up front is crucial since a company may have to live with the decision for a long time. The following are commonly used branding strategies:

### "House Brand" Strategy

A "House Brand" strategy uses a strong brand, typically the company name, as the identifying brand name for a range of products (for example, Mercedes Benz or Black & Decker) or a range of subsidiary brands (such as Cadbury Dairy Milk or Cadbury Fingers in the United States). Because the primary focus and investment is in a single, dominant "house" brand, this approach can be simpler and more cost effective in the long run when it is well-aligned with broader corporate strategy.

### "House of Brands" Strategy

With the "House of Brands" strategy, a company invests in building out a variety of individual, product-level brands. Each of these brands has a separate name, and may not be associated with the parent company name at all. These brands may even be in de facto competition against other brands from the same company. For example, Kool-Aid and Tang are two powdered beverage products, both owned by Kraft Foods. The "House of Brands" strategy is well-suited to companies that operate across many product categories at the same time. It allows greater flexibility to introduce a variety of different products, of differing quality, to be sold without confusing the consumer's perception of what business the company is in or diluting brand perceptions about products that target different tiers or types of consumers within the same product category.

### Competitive Multi-Brand Strategy

In a very saturated market, a supplier can deliberately launch totally new brands in apparent competition with its own existing strong brand (and often with identical product characteristics) to soak up some of the share of the market. The rationale is that having 3 out of 12 brands in such a market will give a greater overall share than having 1 out of 10. Procter & Gamble is a leading exponent of this philosophy, running as many as ten detergent brands in the U.S. market. In the hotel business, Marriott uses the name Fairfield Inns for its budget chain.

Cannibalization is a particular problem of a multi-brands strategy approach, in which the new brand takes business away from an established one which the organization also owns. This may be acceptable (indeed to be expected) if there is a net gain overall.

### Attitude Branding and Iconic Brands

Attitude branding is the choice to represent a larger feeling a brand comes to represent, which transcends the specific products being consumed. Examples of companies that use this approach effectively include:

- Nike – "Just do it"
- Apple – "Think different"
- Harley Davidson – "Live to Ride"
- Starbucks – "Daily Inspiration"

Effective attitude branding can transform strong brands into iconic, "lifestyle" brands that contribute to the consumer's self-expression and personal identity.

## Component Brands

Some suppliers of key components may wish to guarantee its own position by promoting that component as a brand in its own right. For example, Intel, positions itself in the PC market with the slogan (and sticker) “Intel Inside.”

## Private Labels

Also called own brands, or store brands, these have become increasingly popular. Where the retailer has a particularly strong identity this “own brand” may be able to compete against even the strongest brand leaders, and may outperform those products that are not otherwise strongly branded.

## “No-brand” Branding

Recently a number of companies have successfully pursued “no-brand” strategies by creating packaging that imitates generic brand simplicity. “No brand” branding may be construed as a type of branding as the product is made conspicuous through the absence of a brand name. “Tapa Amarilla” or “Yellow Cap” in Venezuela during the 1980s is a prime example of no-brand strategy. It was simply recognized by the color of the cap of this cleaning products company.

## Individual and Organizational Brands

These are types of branding that treat individuals and organizations as the products to be branded. Personal branding treats persons and their careers as brands. Faith branding treats religious figures and organizations as brands.

## Crowdsourced Branding

These are brands that are created by the people for the business, which is opposite to the traditional method where the business creates a brand. This type of method minimizes the risk of brand failure, since the people that might reject the brand in the traditional method are the ones who are participating in the branding process. However, the business itself typically cannot fully control these brands because they are the product of crowdsourcing.

One interesting example is the Timbers Army, the independent fan organization of the Portland Timbers Major League Soccer (MLS) Team. The Timbers Army was created by fans, and it operates independently from the MLS team and the Portland Timbers management. Although the organizations coordinate in many areas, ultimately the fan organization asserts its own brand identity.

## Nation Branding

Nation branding is a field of theory and practice which aims to measure, build, and manage the reputation of countries. Typically aimed at attracting investment, commerce and/or tourism, it is closely related to geographic place branding, discussed above.

## Brand Extension and Brand Dilution

The existing strong brand name can be used as a vehicle for new or modified products. For example, many fashion and designer companies extended brands into fragrances, shoes and accessories, furniture, and hotels. Frequently, the product is no different than what is already on the market, except it has a brand name marking. The risk of over-extension is brand dilution, which is when the brand loses its brand associations with a market segment, product area, or quality, price, or cachet.

## KEY TAKEAWAYS

A brand consists of all the features that distinguish the goods and services of one seller from another: name, term, design, style, symbols, customer touch-points, and so forth. Branding is the set of activities designed to create a brand and position it relative to competing brands in the minds of consumers. Effective branding requires a sophisticated understanding of customers targeted, what they want from a brand, and how the brand delivers those benefits in ways that distinguish it from the competition. Brand is the ultimate touchstone to guide choices around messaging, visual design, packaging, marketing, communications and product strategy.

Naming is an important decision companies must make about how to market a new brand. A brand extension involves utilizing an existing brand name or brand mark for a new product or category (line) of products. Cannibalization occurs when a company’s new offering eats into the sales of one of its older offerings. It is something to be avoided in most cases, but it can also be a sign of progress because it means a company is developing new and better products.

## Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in this section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.

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