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BRANDS AND BRANDING: RESEARCH FINDINGS AND FUTURE PRIORITIES

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ABSTRACT

Branding has emerged as a top management priority in the last decade due to the growing Realization that brands are one of the most valuable intangible assets that firms have. Driven in Part by this intense industry interest, academic researchers have explored a number of different Brand-related topics in recent years, generating scores of papers, articles, research reports, and Books. This paper identifies some of the influential work in the branding area, highlighting what Has been learned from an academic perspective on important topics such as brand positioning, Brand integration, brand equity measurement, brand growth, and brand management. The paper Also outlines some gaps that exist in the research of branding and brand equity and formulates a Series of related research questions. Choice modeling implications of the branding concept and the challenges of incorporating main and interaction effects of branding as well as the impact of Competition is discussed.

Key words: *Brand, Branding, Brand growth, Brand positioning.*

1.1 INTRODUCTION

Brands serve several valuable functions. At their most basic level, brands serve asmarkers for the offerings of a firm. For customers, brands can simplify choice, promise aparticular quality level, reduce risk, and/or engender trust. Brands are built on the product itself,the accompanying marketing activity, and the use (or non-use) by customers as well as others.Brands thus reflect the complete experience that customers have with products. Brands also play an important role in determining the effectiveness of marketing efforts such as advertising and channel placement. Finally, brands are an asset in the financial sense. Thus, brands manifest their impact at three primary levels – customer-market, product-market, and financial-market. The value accrued by these various benefits is often called brand equity.Our primary goal in this paper is to both selectively highlight relevant research onbuilding, measuring, and managing brand equity and to identify gaps in our understanding ofthese topics. We put considerable emphasis on the latter and suggest numerous areas of future research.

Five basic topics that align with the brand management decisions and tasks frequentlyperformed by marketing executives are discussed in detail:

1) Developing brand positioning,
2) Integrating brand marketing;
3) Assessing brand performance;
4) Growing brands; and
5) Strategically managing the brand.

1.2 BRANDING DECISIONS AND TASKSDEVELOPING BRAND POSITIONING

Brand positioning sets the direction of marketing activities and programs – what thebrand should and should not do with its marketing. Brand positioning involves establishing keybrand associations in the minds of customers and other important constituents to differentiate thebrand and establish (to the extent possible) competitive superiority (Keller et al. 2002). Besidesthe obvious issue of selecting tangible product attribute levels

(e.g., horsepower in a car), two particularly relevant areas to positioning are the role of brand intangibles and the role of corporate images and reputation.

Brand Relationships:

Research has also explored the personal component of the relationship between a brand and its customers. Fournier (1998) examined the nature ofrelationships that customers have – as well as want to have – with companies (see also Fournier
and Yao (1997) and Fournier, et al. (1998)). Fournier views brand relationship quality as multifacetedand consisting of six dimensions beyond loyalty or commitment along which consumerbrandrelationships vary:

1) Self-concept connection,
2) Commitment or nostalgic attachment,
3) Behavioral interdependence,
4) love/passion,
5) Intimacy, and
6) Brand partner quality.

Brand Experience:

Experiential marketing is an important trend in marketing thinking.Through several books and articles, Schmitt (1999, 2003) has developed the concept ofCustomer Experience Management (CEM), which he defines as the process of strategicallymanaging a customer's entire experience with a product or company. According to Schmitt,brands can help to create five different types of experiences:

- Sense experiences involving sensory perception,
- Feel experiences involving affect and emotions,
- Think experiences which are creative and cognitive;
- Act experiences involving physical behavior and incorporating individual actions and
- lifestyles, and
- Relate experiences that result from connecting with a reference group or culture.

INTEGRATING BRAND MARKETING:

A variety of branding and marketing activities can be conducted to help achieve thedesired brand positioning and build brand equity. Their ultimate success depends to a significant extent not only on how well they work singularly, but also on how they work in combination,such that synergistic results occur. In other words, marketing activities have interaction effects among themselves as well as main effects and interaction effects with brand equity. Three note worthy sub-areas of this topic are the brand-building contribution of brand elements; the impact of coordinated communication and channel strategies on brand equity; and the interaction of company-controlled and external events.

Integrating Brand Elements:

Brands identify and differentiate a company's offerings to customers and other parties. Abrand is more than a name (or "mark"). Other brand elements such as logos and symbols (Nike's swoosh and McDonalds' golden arches), packaging (Coke's contour bottle and Kodak's yellowand black film box), and slogans (BMW's "Ultimate Driving Machine" and Visa's "It'sEverywhere You Want to Be") play an important branding role as well. A number of broad criteria are useful for choosing and designing brand elements to buildbrand equity (Keller 2003):
1) memorability; 2) meaningfulness; 3) aesthetic appeal; 4)transferability (both within and across product categories and across geographical and culturalboundaries and market segments); 5) adaptability and flexibility over time; and 6) legal and competitive protectability and defensibility. Brand elements vary in their verbal vs. visualcontent and product specificity. Although a robust industry exists to help firms design andimplement these various brand elements (Kohli and LaBahan 1997).

Integrating Marketing Channels & Communications:

Marketers employ an increasingly varied means of communication (e.g., various forms ofbroadcast, print, and interactive advertising, trade and consumer promotions, direct response,sponsorship, public relations, etc.) and multiple means of going to market (via retailers,company-owned stores or outlets, telephone, Internet, mail, etc.). Some marketers haveattempted to orchestrate these activities to create synergistic effects (Duncan 2002).Research

hasshown that coordinating marketing activities can lead to beneficial results (Naik and Raman 2003). For example, print and radio reinforcement of TV ads – where thevideo and audio components of a TV ad serve as the basis for print and radio ads – has beenshown to leverage existing communication effects from TV ad exposure and more strongly linkthem to the brand (Edell and Keller 1989, 1999). Cueing a TV ad with an explicitly linked radioor print ad can create similar or even enhanced processing outcomes of the radio or print ad thatcan substitute for additional TV ad exposures.

Measuring Brand Equity:

In recognition of the value of brands as intangible assets, increased emphasis has beenplaced on understanding how to build, measure, and manage brand equity (Kapferer 2005; Keller1993, 2003). There are three principal and distinct perspectives that have been taken byacademics to study brand equity.

1. **Customer-based**: From the customer's point of view, brand equity is part of theattraction to – or repulsion from – a particular product from a particular companygenerated by the "non-objective" part of the product offering, i.e., not by the productattributes per se. While initially a brand may be synonymous with the product itmakes, over time, through advertising, usage experience, and other activities andinfluences, it can develop a series of attachments and associations that exist over andbeyond the objective product. Importantly, brand equity can be built on attributes thathave no inherent value.
2. **Company-based**: From the company's point of view, a strong brand serves manypurposes, including making advertising and promotion more effective, helping securedistribution, insulating a product from competition, and facilitating growth andexpansion into other product categories. Brand equityfrom the company perspective is therefore the additional value (i.e., discounted cashflow) that accrues to a firm because of the presence of the brand name that would notaccrue to an equivalent unbranded product. In economic terms, brand equity can beseen as the degree of "market inefficiency" that the firm is able to capture with its brands.
3. **Financial-based**: From a financial market's point of view, brands are assets that, likeplant and equipment, can, and frequently are, bought and sold. The financial worth ofa brand is therefore the price it brings or could bring in the financial market.Presumably this price reflects expectations about the discounted value of future cashflows. In the absence of a market transaction, it can be estimated, albeit with greatdifficulty.

Product-Market Level:A number of approaches have been developed to assess theimpact of brand equity in the product-market. These include measures of price premiums, increased advertising elasticity, decreased sensitivity to competitors' prices, and the ability to secure and maintain distribution through channels (Hoeffler and Keller 2003).Several studies have demonstrated that leading brands can command large pricedifferences (Simon 1979; Agrawal 1996; Park and Srinivasan 1994; Sethuraman 1996) and are Advertising may play a role in decreasing price sensitivity (Kanetkar, Weinberg, andWeiss 1992). Consumers who are highly loyal to a brand have been shown to increase purchaseswhen advertising for the brand increased (Raj 1982, Hsu and Liu 2000). Research suggests thatstores are more likely to feature well known brands if they convey a high quality image (Lal and Narasimhan 1996). Fader and Schmittlein (1993) proposed that differences in retail availabilitymay be a key component of the higher repeat purchase rates for higher share brands.

Financial-Market Level: A different approach to measuring brand equity is based onfinancial market performance (Amir and Lev 1996; Barth et al. 1998). One measure that has17been proposed uses the component of market value unexplained by financial assets and results(i.e., profits). Using Tobin's Q (the market value of assets divided by their replacement value asestimated by book value) as a proxy of brand equity, Lindenberg and Ross (1981) found thatconsumer goods companies such as Coca-Cola, Pepsico, Kellogg's, and General Foods hadTobin Q's greater than 2, suggesting that these companies had considerable intangible value. Onthe other hand, more commodity-like manufacturers such as metal producers and paper productscompanies had Tobin Q's of about 1.Simon and Sullivan (1993) decomposed firm value into tangible and intangiblecomponents: Tangible components reflected replacement costs and included assets such as plantand equipment and net receivables; intangible components were broken down into industry-wide,cost, and brand factors. The brand factors were derived from a market share equation using aninstrumental variables approach (i.e., brand value was determined by order-of-entry andadvertising). As a percent of replacement values, brand equity ranged from a low of essentiallyzero for categories such as paper and allied products; petroleum and coal; stone, glass, and coal;and primary and fabricated metals to as much as 61% for apparel, 58% for printing andpublishing, and 46% for tobacco. Firms for which brand value exceeded replacement costincluded Dreyer's Ice Cream, Tootsie Roll, and Smucker. Another approach to assessing the financial value of a brand involves taking customer mindset measures and relating them to stock market values. This approach is used by Stern Stewart's Brand Economics which link Young & Rubicam's BrandAsset Valuator, a surveybased.

STRATEGICALLY MANAGING THE BRAND:
In many firms, the CEO is effectively the Chief Brand Officer (CBO) as well. Regardless of who (if anyone) is in charge of managing the brand, several general strategic issues arise: the optimal design of brand architecture; the effects of co-branding and brandalliances; and cross-cultural and global branding strategies.

A SYSTEMS MODEL OF BRAND ANTECEDENTS AND CONSEQUENCES:
A number of brand dashboards have been developed by firms which capture, but rarelylink, many aspects of brand equity and performance. For branding research to be scientificallyrigorous, it is important to develop a comprehensive model of how brand equity operates and todevelop estimates of the various cause-and-effects links within it. To that end, we expand on thenotion of a "brand value chain" (Keller and Lehmann 2003) discussed earlier. The chain focuseson the following four major stages:
1. **What Companies Do.?**Marketing programs, as well as other company actions, formthe controllable antecedents to the brand value chain. Importantly, these activities can be characterized along two separate dimensions: quantitative factors such as the type and amount marketing expenditures (e.g. dollars spent on media advertising) andqualitative factors such as the clarity, relevance, distinctiveness, and consistency of themarketing program, both over time and across marketing activities.
2. **What Customers Think &Feel:** Customer mind set consists of the "Five A's" discussed above. Importantly, there are feedback effects here, as demonstrated by the "halo effect" where brand attitudes affect perceptions of brand associations (Beckwithand Lehmann 1975, 1976). Moreover, what customers think and feel about brands isobviously not under the sole, or often even primary, control of the company.
3. **What Customers Do:**The primary payoff from customer thoughts and feelings is thepurchases that they make. This product-market result is what generates revenue,share, and other metrics commonly used to evaluate the effectiveness of marketing programs. Of course, other things customers do, especially word of mouth, impactfuture product-market results and need to be considered in any comprehensive model.
4. **How Financial Markets React:**For a publicly held company, stock price and marketcapitalization, as well as related measures such as Tobin's Q, are critical metrics. Inessence, these measures are the ultimate bottom line. As such, they are relevant at theCFO and CEO level, unlike most marketing metrics which are at the customer-level or product market-level. Importantly, stock price is impacted by a number of othervariables, such as the growth potential of the industry as a whole, general economictrends, and stock market dynamics, which need to be controlled for in assessing thefinancial value of brands.

2. CONCLUSION

Branding and brand management has clearly become an important management priorityfor all types of organizations. Academic research has covered a number of different topics andconducted a number of different studies that have collectively advanced our understanding ofbrands. Table 1 summarizes some of the generalizations that have emerged from these researchstudies that were reviewed in this paper.Upon reflection, it may seem that some of these research questions are fairlyuncontroversial. Further, there undoubtedly exists some research which bears, at leasttangentially, on all of them. Nevertheless, they are worthy research questions because: 1) the issues have not been fully resolved at the level of "laws" or empirical generalizations and 2) theissues are frequently raised by practitioners, suggesting that as a field, our communications, ifnot our findings, have failed to reach and impact an important constituency.