

In a changing market, managers are rethinking their branding policies and practices. **Kevin Lane Keller** offers his point of view on **today's brand challenges**, and outlines six imperatives to help managers find the "sweet spot" for branding success.

# *The New Branding Imperatives*

**Insights for the New Marketing Realities**

*Kevin Lane Keller*

## About the Author

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A highly sought-after speaker, Keller has lectured all over the world, and has conducted marketing seminars for top executives in diverse firms such as GE, American Express, Cisco, Coca-Cola, Deutsche Telekom, Google, IBM, Macy's, Microsoft, Nestle, Novartis, and Wyeth.

His textbook, *Strategic Brand Management*, now in its 3rd edition, has been adopted at top business schools and leading firms around the world. He is also the co-author with Philip Kotler of the textbook *Marketing Management*, now in its 13th edition. With over 60 papers in the major academic journals, his research has been widely cited and has received numerous awards.

Keller served as an Academic Trustee of the Marketing Science Institute from 2000 to 2006 and frequently speaks at MSI conferences. In 2002, he authored the monograph *Branding and Brand Equity*, in MSI's Relevant Knowledge Series. He was also a winner of the inaugural MSI Alden G. Clayton Doctoral Dissertation Proposal competition in 1984.

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# Introduction

**M**y work in the branding area began in the mid-1980s, coinciding with a heightened interest in branding in industry and academia. A number of mergers and acquisitions had clearly demonstrated the intangible asset value of brands, and many firms, as well as the business media and Wall Street, became interested in brand management. Premier brand valuation firm Interbrand, still in its infancy, found itself with a host of new clients, and firms began to talk about how much their brands were worth. In 1988, brand equity was named a top research priority by MSI trustees, and major MSI conferences in 1988 and 1990 fueled academic interest and helped the area gain legitimacy among marketing scholars.

Due to concerted efforts by academics and industry practitioners, our understanding of brands and brand management has greatly increased over the last 25 years. We now know much about what works and what doesn't work in branding. Nevertheless, a number of marketplace developments in recent years have created significant branding challenges.

In this commentary, I will discuss some of the most significant challenges faced by brand marketers, offering some perspectives on the nature of the problems and the progress made on possible solutions. Specifically, I identify six branding imperatives that cover a wide range of issues and activities. In each case, I offer some research-based insights and suggest guidelines for managers. I conclude by noting that the skill set and talents required by successful brand managers will necessarily be broader and deeper than was the case as recently as just 10 or 20 years ago. The paper concludes with some final observations and a selective bibliography of additional readings.

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# The New Branding Imperatives

## Insights for the New Marketing Realities

**B**rands have survived for centuries—and are likely to thrive for years to come—because they serve a very fundamental purpose. At their best, brands allow consumers to reduce risk, simplify decision making, and gain greater satisfaction in their lives. Strong brands can make consumers' lives a little—or sometimes even a lot—better. The role and functions of brands are so fundamentally pervasive and valued by consumers, it is difficult to see their potential importance diminishing.

However, managing brands to achieve that potential is as difficult as ever. The marketing environment always changes, but the pace of change has greatly accelerated in the past decade. Consumers are increasingly diverse, enlightened, and empowered. Virtually every market has experienced heightened competition as a result of the entrance of global firms, private labels, and mega-brands from related categories. Rapidly changing technology has profoundly affected how consumers live and shop, and how marketers learn about consumer needs and wants and manage their brands. Finally, serious environmental, community, and social concerns exist all over the world.

As a result of these marketplace transformations and the new marketing realities, the rules of the branding game have changed. There are a number of areas where marketers are rethinking—and sometimes fundamentally altering—their branding policies and practices.

In the pages that follow, I discuss six branding imperatives to help managers navigate the challenges of brand management in the years to come.

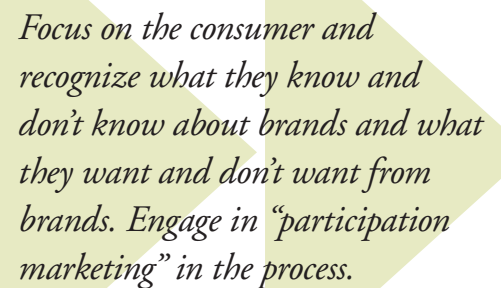
### **1** Fully and accurately factor the consumer into the branding equation.

ONE OF THE MOST important rules of branding can be encapsulated by the oft-used aphorism, “The consumer owns the brand.” The power of consumer perceptions and beliefs to make or break brands has been demonstrated time and time again in the lab and in the real world. From the one-time business mantra of “You’ll never get fired by choosing IBM” to the New Coke debacle to the modern challenges Detroit auto makers face in convincing consumers of the quality of their vehicles, consumer sovereignty rules.

In turn, successful brands create mental structures and knowledge in consumers' minds that cause them to favor the brand. From a managerial perspective, a consumer voice must be incorporated in every branding decision. To illustrate, consider brand architecture decisions. Managers frequently err in naming products by taking an internal company perspective and arriving at overly-complicated solutions with many different layers and levels of branding. In

such cases, consumers will often try to simplify the branding of the product, or even worse, they may very well move to a competitor with a more straightforward, easily grasped set of offerings.

When Silicon Graphics named their new 3D work station “Indigo<sup>2</sup> Solid Impact,” their cus-



*Focus on the consumer and recognize what they know and don't know about brands and what they want and don't want from brands. Engage in “participation marketing” in the process.*

tomers called it simply “Solid”. Creating equity for a low-level brand modifier (Solid) is not good branding practice. Brand equity ideally resides at the highest level of the branding hierarchy possible where it can benefit more products and services. Silicon Graphics made that objective even more difficult by not using their corporate name in the family brand line. Conversely, part of the appeal of Colgate Total was undoubtedly that it offered a simple solution to navigating the toothpaste aisle, a section of the store that consumers often find to be bewilderingly confusing.

In naming products and services—and in developing marketing programs and activities to build those brands—a consumer point of view must be fully and accurately incorporated. This requires illuminating consumer research and a sharp marketing mindset to properly interpret and act on what is learned. The best marketers are using consumer insights to skillfully manage customers and brands to maximize brand equity and customer equity. Brands serve as the “bait” that retailers and other channel intermediaries use to attract customers from whom they extract value. Customers serve as the tangible profit engine for marketers to monetize their brand value.

However, for even the most customer-centric companies, the increasing diversity and “empowerment” of customers offer significant branding challenges.

### **Customer diversity**

Multiple segments and sub-segments of consumers typically make up a customer franchise for a brand. These segments may be defined on the basis of many dimensions; some of the most important concern cultures and geographies. Embracing a multicultural perspective in branding is a necessity in today’s diverse world. More inclusive marketing programs can directly affect all those different types of consumers or groups of consumers who are targets for the programs. In addition, a multicultural perspective helps marketers to focus on the overall relevance of their brand and how it can be effectively adapted to all segments that make up their target market.

In recognition of customer diversity and

increasing segmentation, marketing pundits have introduced concepts such as permission marketing, 1-to-1 marketing, and brand journalism (defined below). These concepts all reinforce the fact that any brand franchise has multiple constituents that need to be effectively understood and addressed in the marketplace.

In terms of their branding implications, however, these concepts need to be applied with care. Brand journalism, for example, suggests that—just as journalists tell many facets of a story to capture the interests of diverse groups of readers—marketers should communicate different messages to different market segments. However, this concept may overstate the case for highly distinctive branding segmentation and differentiation. For strong brands, the common core of the brand promise is found in virtually all aspects of their marketing programs. Ritz-Carlton’s brand mantra of “ladies and gentlemen serving ladies and gentlemen” affects how they deliver services to all their different guests every step of the way as they come into contact with the hotel brand.

### **Customer empowerment**

Much has been made of the newly empowered consumer. One of the driving forces behind this trend is the greater transparency that now prevails in the marketing environment. The emergence of the Internet and social media—as well as the expansion and pervasiveness of traditional media—have given consumers, for better or for worse, the ability to seek information and arrive at what they feel is “the truth” about products, services, and brands like never before.

By merely being observant or being more proactive, consumers can find out and judge how well a product or service works or what a company is doing (or not doing) to the environment or their local community. Unlike in the 1990s or before, information and opinions can travel around the world in mere minutes. Marketers must anticipate that any actions they take or claims they make can be scrutinized, deemed truthful or not, and shared with others almost instantaneously.

With this new transparency, consumers can undoubtedly be more actively involved in the

fortunes of brands than ever before. But the reality is that only some of the consumers want to get involved with some of the brands they use and, even then, only some of the time.

For consumers who do choose to become engaged at a deeper level, marketers must do everything they can to encourage them with social media and other marketing tools. But many consumers will choose not to do so and it is crucially important to understand how to best market a brand, given such diversity in consumer propensities, interests, and activity levels.

Moreover, even consumers who choose to become more engaged with a brand may have difficult-to-express, undefined, ambiguous, or even conflicting preferences. They may need guidance and assistance in forming and conveying their preferences to firms. In that regard, “participation marketing” may be a more appropriate concept for marketers to employ, because marketers and consumers need to work together to find out how the firm can best satisfy consumer goals.

With participation marketing, consumers and firms willfully assist each other and freely exchange information to arrive at mutually beneficial solutions. A highly successful premium brand, King Arthur Flour, has created a loyal online brand community by recognizing that baking is an activity that consumers want to learn about and discuss with other consumers and company experts.

### Bottom line

The number-one priority in branding remains the same as it has for the past 25 years—customers and their needs are the *sine qua non* of branding work and must remain a top priority of all brand marketers. However, satisfactorily incorporating the consumer into branding strategies and tactics is more difficult than ever before because of consumer diversity and empowerment. Brand marketers must strive to continually enhance their customer insight skill sets in order to stay close to all customers and thus remain competitive in the marketplace.


## 2 *Go beyond product performance and rational benefits.*

AT THE HEART of a great brand is a great product or service. This is even truer in today’s highly transparent world. For many firms, the design aspects of their products and services are an increasingly crucial component of their value proposition. Adept marketers at firms such as Apple, Nike, Ritz-Carlton, Singapore Airlines, and Samsung are optimizing functional and aesthetic aspects of the design of their products and/or services to maximize sales and brand equity. Developing better-designed products and services, however, requires a clear, comprehensive, up-to-date understanding of consumers and how they purchase and use products and services and think and feel about brands.

Product design encompasses not only how a product works, but also how it looks, feels, or even sounds and smells. Similarly, service design is a function of all sensory aspects that consumers encounter and experience with a brand. Designing products and services that can more efficiently and effectively deliver the full range of category benefits is still of paramount importance and provides a powerful means to gain competitive advantage. This is true even in many mature categories, as illustrated by Procter & Gamble’s recent success with brands such as Tide, Gillette, and Venus.

Great product and service design comes from keen consumer insight and inspired, creative solutions. A well-designed brand offers advantages in product and service performance, and in the imagery that creates significant functional and psychological benefits. Emotional benefits will be most impactful, in particular, when they are directly linked to a functional benefit.

Consider Procter & Gamble’s successful repositioning of their Pampers brand. The dispos-



*Craft well-designed products and services that provide a full set of rational and emotional benefits.*



able diaper had been positioned for years on the basis of dryness and absorbency via classic product comparison advertising. As a result of insights gained from consumer research, P&G leveraged those functional product benefits to create a powerful emotional benefit. P&G based the new Pampers positioning on consumer beliefs that: (1) a dry baby sleeps better and (2) a well-rested baby would play and learn more the next day. In other words, to parents, the functional benefit of “dryness” ladders or leads directly to the emotional benefit of “caring for your baby.” The new positioning thus celebrated Pampers as “caring for baby’s development”—the emotional payoff from the brand’s rational product benefits.

Design considerations will increasingly drive the innovation pipeline in terms of new, as well as improved, products and services. Competitive advantages and brand strength will come from having better-designed products and services than competitors, providing a wider range of compelling consumer benefits as a result.

### Bottom line

Brand marketers must increasingly understand and utilize design principles and techniques in order to remain competitive. An appreciation of functional and aesthetic design properties will become an essential part of the brand marketer skill set going forward. Brand marketers must also understand the duality of rational and emotional dimensions of consumers’ relationships to brands and how the two can interact.


### 3 *Make the whole of the marketing program greater than the sum of the parts.*

THE DIVERSITY OF MEANS to communicate about and sell products and services to consumers has grown exponentially in recent years. Major shifts in media viewing habits have emerged due to a number of factors: the fragmentation of TV viewership; the growing use of DVRs, video gaming and Internet broadband; the increasing use of mobile phones; the explosion of online blogs and social communities; and the greater importance of events, experience, and buzz marketing.

These developments have fundamentally affected how companies communicate about their products and services. Firms now have a host of ways to distribute and sell their products online or

offline, directly or indirectly. Increasingly, marketers are embracing different types of personal and mass media, combining online, interactive communications, “real world,” experiential communications, and traditional, mass media communications. Marketers are also combining “push” and “pull” distribution strategies to maximize coverage and impact, selling directly via the mail, the Internet, telephones and cell phones, and company stores, while also selling indirectly via wholesalers and retailers.

The challenge for top brands is assembling the best set of channel and communication options to maximize sales in the short run and brand equity in the long run. The art and science of integrated marketing is to optimally design and implement any one channel or communication activity so that it not only creates direct effects, but at the same time creates indirect effects that increase the impact of other channel or communication options. A breathtaking TV ad may change a viewer’s opinions of a brand, but it may also make that viewer more



*Develop fully integrated channel and communication strategies that optimally blend their strengths and weaknesses.*

likely to visit the brand's website or respond more favorably to a later brand promotion.

As a result of the increasingly diverse communications options available to companies today, consumers have different channel and communications histories and, as a result, very different levels of brand knowledge. This creates a challenge—and an opportunity—for the wise brand marketer. Ideally, a channel or communication option or activity would be versatile enough to work effectively regardless of consumer history or past experience. Indeed, one advantage of a well-designed website is that, because of its interactivity, it can successfully communicate and sell to consumers regardless of their personal shopping or communications history.

For example, Nike's amazing marketing success is partly due to their combination of a broad range of distribution channels with an extensive online and offline communication program that is as relevant to the world's elite athletes looking to excel in their sport as to the average person who just wants to incorporate Nike into their everyday recreational life.

### **Social media**

As more consumers spend more time on the Internet, it is crucial to use online, interactive communications to directly impact consumers at all stages of the consumer decision funnel and thus to reinforce offline marketing efforts. An online, interactive communications program typically includes some or all of the following: a well-designed website (with customer-generated content and feedback); e-mails; banner, rich media, or other forms of electronic ads; search advertising; and social media. Of these, the newest and most challenging component is social media.

Social media programs—encompassing online communities, forums, blogs (including Sugar, Gawker, etc.) and a presence on websites such as Facebook, Twitter, and YouTube—provide an effective means to creative active engagement and involvement with consumers. By offering the right online information, experiences, and platforms for brands, marketers can help consumers to learn from and teach other consumers about a brand, as

well as express their brand loyalty and observe that of others.

However, the engagement and involvement of consumers offer potential dangers as well. Marketers frequently express concern that use of social media will invite brand harm via subversive behavior by a small group of consumers, undeservedly negative feedback, or other unfavorable outcomes. In this regard, marketers must recognize that undesirable branding effects can occur whether the brand is engaged in a social media campaign or not. Being online and providing a positive point of view for the brand may help counterbalance or even overcome these negative effects. In addition, a certain amount of consumer negativity is to be expected and tolerated. Adopting a “thick-skin” stance online is imperative, given the reality that a caustic comment or unpleasant review is only one consumer click away.

Fortunately, an increasingly robust and detailed set of online metrics exists by which marketers can track the nature, extent, and valence of public sentiment. By monitoring online buzz and activities in this way, marketers can more effectively assess and determine the proper response to any potentially damaging online or even offline episode. When Accenture was debating what to do with their corporate spokesperson, Tiger Woods, after his sex scandal, they closely followed the buzz online. An upset and outraged public was an important consideration when the firm decided to drop their long-time endorser.

### **Bottom line**

Over the past 10 years, many new ways to communicate about brands have emerged. The explosion of new media choices creates challenges, but also provides tremendous opportunities for savvy marketers to excel. The key to success is to think holistically about how communications efforts work (or don't work) together. Truer now than a decade or so ago, marketers metaphorically must have all of the instruments in the marketing communications orchestra playing in-tune and hitting all the right notes to create the symphony in the minds and hearts of consumers to celebrate their brands.

#### 4 *Understand where you can take a brand (and how).*

FOR LONG-TERM financial prosperity, the successful launch of new products and services and the entry of existing products and services into new markets and customer segments are of paramount importance. From a branding stand-

point, growth requires a well-thought-out and well-implemented brand architecture strategy that clarifies three key issues: (1) the potential of a brand in terms of the breadth of its “market footprint,” (2) the types of product and service extensions that would allow a brand to achieve that potential, and (3) the brand elements, positioning, and images

that identify and are associated with all the offerings of a brand in different markets and to different consumers.

##### **Brand potential**

A good brand architecture defines brand “boundaries”: what products or services the brand could represent, what benefits it could supply, and what needs it could satisfy. It provides “guardrails” as to appropriate—and inappropriate—line and category extensions. It clarifies the meaning and promise of the brand to consumers and helps consumers choose the right version of the product or service for themselves.

Understanding the brand promise and how it should best be translated and adapted to different products and markets is challenging, but critical. Every product or service sharing the brand name should be seen as delivering on the unique brand promise. If you can replace the specific brand in any of its marketing with a competitive brand, and its marketing would still essentially make sense and “work” with consumers, then the marketing is probably not aligned sharply enough with the brand promise and meaning.

By adhering to the brand promise and growing the brand carefully through “little steps,” brands can cover a lot of ground. For example, when Crayola transformed its brand from an essentially “crayons only” brand to one encompassing all kinds of “colorful arts and crafts for kids,” a whole new product world opened up. Markers, clay, paint, chalk, and many other new products all helped the brand deliver its promise and achieve its potential in a meaningful way.

##### **Brand extensions**

The vast majority of new products are extensions and the vast majority of new products fail. In other words, too many brand extensions fail. Why? Extensions are not creating sufficient relevance and differentiation in their new product or service categories. An increasingly competitive marketplace will be even more unforgiving to poorly positioned and marketed extensions in the years to come. To increase the likelihood of success, marketers must be rigorous and disciplined in their analysis and development of brand extensions.

Much academic research has focused on brand extensions. In Exhibit 1 at the back of this booklet, I highlight some key findings that have emerged from those studies. Based on this research and other inputs, Exhibit 2, the scorecard that follows, identifies a set of possible criteria for evaluating a proposed brand extension. The specifications in this scorecard are intended to offer a starting point; particular items or the weights applied to these items can be adjusted to the specific marketing context. The key point is that, by adopting some type of formal model or scorecard, systematic thinking can be applied to judge the merits of a proposed extension to increase its likelihood of success.

##### **Brand elements**

The third aspect in a brand architecture strategy encompasses the name, look, and other branding elements applied to new products. A key concept here is the proper use of sub-branding. By combining new brand elements with existing parent brand elements, sub-branding can be an effective way to signal the intended similarity or fit of a new

*Design and implement a new product development and brand architecture strategy that maximizes long-term growth across product offerings, customer segments, and geographical markets.*

extension with its parent brand. Consumers are very literal. For example, putting the parent brand name before a new, individual name—as compared to putting it second—makes it more like the parent brand. Marriott’s Courtyard would be seen as much more of a Marriott hotel than Courtyard by Marriott by virtue of having the corporate name first.

A good sub-branding strategy can facilitate access to associations and attitudes to the company or family brand as a whole, while allowing for the creation of new brand beliefs to position the extension in the new category. Moreover, sub-branding can also help to protect or shield the parent brand from any potentially negative feedback that might be associated with an extension. In a carefully researched study, the sudden acceleration problems experienced by the Audi 5000 a number of years ago was found to have significantly hurt the sales of its sibling Audi 4000, but had a much less pronounced effect on sales of the Audi Quattro in part because of its more distinctive sub-branding.

To realize these benefits, however, sub-branding typically requires significant investments and disciplined and consistent marketing to establish the proper brand meanings with consumers. In the absence of such financial commitments, marketers may be well-advised to adopt the simplest brand hierarchy possible, e.g., using the company or family brand name with product descriptors.

**Bottom line**

The focus on creating fewer, stronger brands in the first decade of the 21st century has put pressure on marketers to assemble the right brand architectures to ensure that brands reach their marketplace potential. A structured, disciplined approach must be adopted that incorporates academic and industry guidelines for understanding brand potential, launching brand extensions, and naming new products to create the optimal brand stretch.

**5** *Do the “right thing” with brands.*

WITH INCREASED MEDIA coverage of business, there is greater transparency and awareness of companies’ internal and external actions and statements. Many consumers are concerned that companies do “good things” for local communities, society as a whole, and the broader natural environment. At the same time, heightened scrutiny from the investment community has caused many companies to adopt an overly myopic short-term planning horizon for their brands. Brand marketers need to address both of these marketplace realities.

**Cause marketing**

Brand marketers must proactively embrace social responsibility and ethically and morally proper behavior at all times. In particular, marketers need to find “win-win” solutions with cause marketing programs and other activities that allow them to enhance the welfare of consumers, society, or the environment while still profitably running their businesses. Effective cause marketing programs can accomplish a number of objectives for a brand: build brand awareness, enhance brand image, establish brand credibility, evoke brand feelings, create a sense of brand community, and elicit brand engagement.

A classic example of a successful cause marketing program is Ronald McDonald Houses, which offer more than 5,000 rooms each night to families in 30 countries whose children are hospitalized. By providing a “home away from home” for nearly 4 million family members since 1974, the Ronald McDonald House initiative reinforces McDonald’s public image as a caring company that is committed to helping kids and their families.



**Protecting brand equity**

Doing the right things with brands also involves something even simpler and more straightforward:

protecting and respecting the brand promise and meaning to consumers.

Pepsi's recent packaging redesigns for Gatorade, Pepsi, and especially Tropicana, for example, were all criticized to varying degrees as not being faithful to the equity of those brands. For example, to consumer dismay and displeasure, Tropicana dropped the familiar straw-in-the-orange image on the front of its packaging. The negative public feedback forced the company to revert back to its original packaging for the brand.

Over-exposing, over-extending, over-modernizing, over-discounting—there are many ways to take advantage of a brand.

The best and most widely admired marketers treat their brands with understanding and respect and a clear sense of commercial and social purpose. They take their brands on a well-mapped-out journey that allows the brand to profitably grow while preserving its close bonds with consumers and benefits to society as a whole.

Walt Disney Company launched an internal brand mantra of “fun family entertainment” for their Disney brand to help employees judge whether any marketing or other action was “on brand.” The worry was not that any one decision would be fatal or highly damaging to the brand, but that a number of little concessions and compromises would eventually add up to significantly erode the equity of the Disney brand.

### Bottom line

The times are changing with respect to managing brands. Companies must take a long-term perspective as to what is good for their brand, as well as what is good about their brand. Top marketers are embracing cause marketing to find creative win-win solutions and are also taking steps to protect their brands from poorly reasoned, inappropriate brand activities and programs.

## 6 Take a big picture view of branding effects. Know what is working (and why).

### Justifying brand investments

Increasingly, marketers have had to do “more with less” in their marketing budgets and persuasively justify all marketing expenditures. One challenge in achieving brand accountability is that brand marketing activities are intended to have long-term, broad, and varied effects. Any particular marketing activity may increase the breadth or

depth of brand awareness; establish or strengthen performance-related or imagery-related brand associations; elicit positive judgments or feelings; create stronger ties or bonds with the brand; and initiate brand-related actions such as search, word-of-mouth, purchase, and so on. And its effects may be enduring as well as have short-term impact.

In many cases, multiple effects of this type will result from any one marketing activity.

Marketers must adopt comprehensive, cohesive, and actionable models to help them develop ROI insights and interpretations. As an example, the figure to the right summarizes three linked, interlocking models that I use in brand planning, tracking, and measurement:

First, the *Brand Positioning Model* describes how to establish competitive advantages via points-of-difference (associations unique to the brand that are also strongly held and favorably evaluated by consumers) and points-of-parity (associations shared with other brands that are designed to negate competitors' points-of-difference, overcome perceived vulnerabilities of the brand, or establish category credentials).

Second, the *Brand Resonance Model* considers how intense, active loyalty relationships are created with customers. The basic premise is that building



*Justify brand investments and achieve deeper understanding of the power of brands.*

a strong brand involves a series of steps as part of a “branding ladder” and a set of logically constructed “brand building blocks.” Brand resonance occurs when consumers feel completely “in synch” with the brand. The second level of the model is where the output from the brand positioning model appears in terms of which points-of-parity and points-of-difference are to be created with which performance and/or imagery associations.

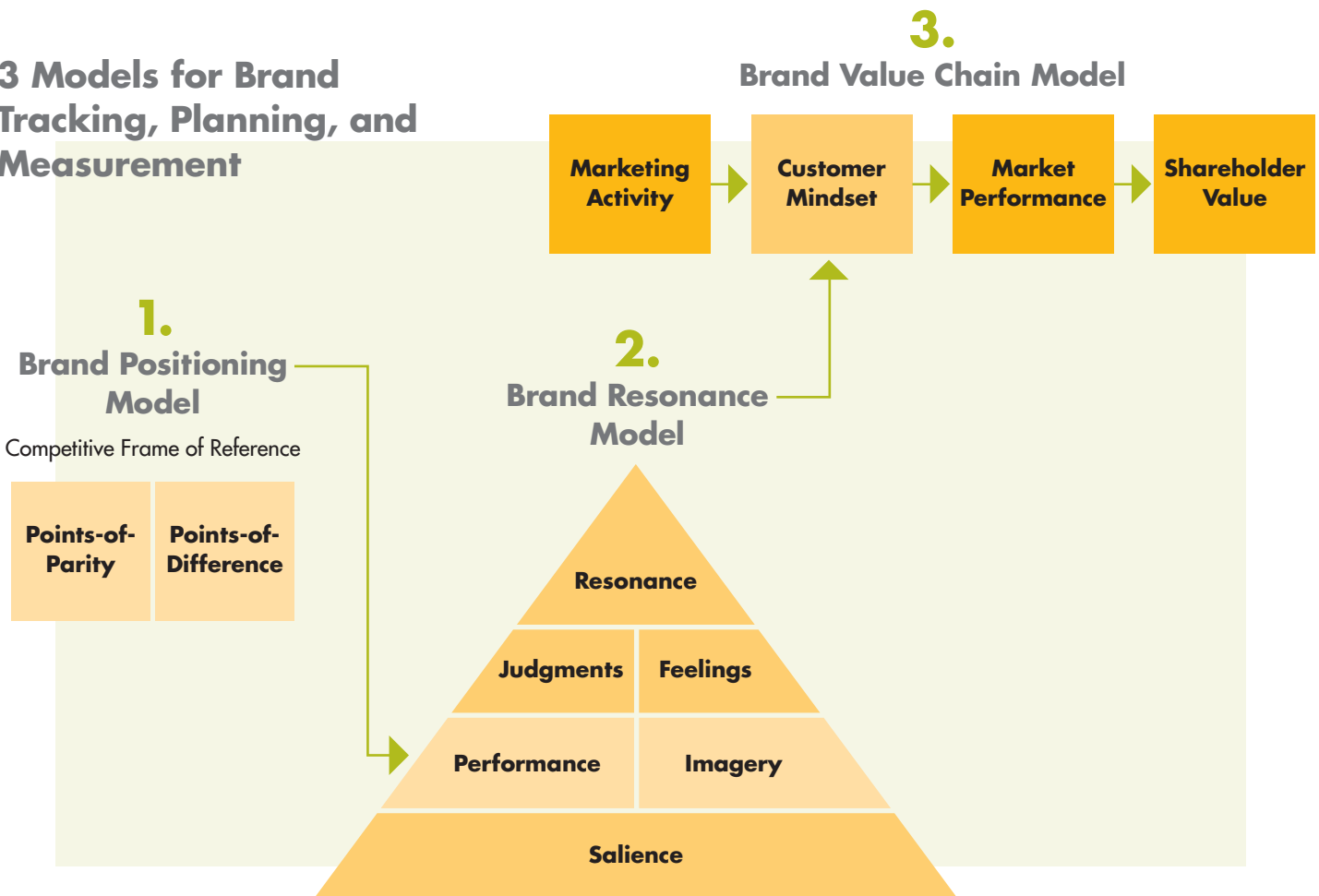
Third, the *Brand Value Chain Model* describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments. The brand the value chain model examines four different stages in the value creation process for a brand. It considers how marketing activities affect the customer mindset—as can be measured by all the building blocks in the brand resonance model—which, in turn, creates various marketplace outcomes and ultimately shareholder value.

The specific components of these three models are not as important as their purpose and scope: These models can assist both planning and measurement; they can capture a full range of marketing activities for any type of brand. In particular, by tracing the effects of marketing activities through the customer mindset, and on to various marketplace outcomes such as price premiums, loyalty, sales, market share, and profitability, marketers can gain a clearer picture of how well their marketing is doing and why.

**Achieving deeper brand understanding**

Branding is clearly a complex marketing endeavor. To better grasp all of its dimensions, a multi-disciplinary view can be adopted to interpret branding effects and more completely understand brands, the value that they have created, and how they should be managed as a result. Marketing guidelines for branding can be developed from a

**3 Models for Brand Tracking, Planning, and Measurement**



variety of different perspectives. Notably, branding efforts can be usefully informed by economic, psychological, and sociological points of view.

Fundamentally, marketing should help to create or enhance the equity and value of a brand to all its various constituents. In particular, the stronger the brand, the more power that brand marketers have with distributors and retailers and the easier it is to implement marketplace programs to capitalize on that brand equity. Extracting proper price premiums that reflect the value of the brand—and not over- or under-pricing—is

one of the most critical financial considerations for branding.

### **Bottom line**

The onset of a recession in 2008 only heightened the need for marketers to be able to understand and justify their marketing investments. Doing so requires a set of models, tools, and perspectives that fully illuminates how consumers are affected in the short- and long-run by any marketing activities or programs for a brand.

# Conclusion

## Finding the Branding Sweet Spot

Given their substantial intangible value, brands are likely to remain a top priority for organizations. The branding area continues to receive intense research attention, as researchers tackle old problems and address new challenges in important ways. Successful branding in the 21st century requires new areas of emphasis and new skills as described in the preceding six imperatives. I conclude by discussing one broad theme that cuts across all six: achieving balance in managing brands by finding the branding “sweet spot.”

To find the branding sweet spot, managers must reconcile trade-offs in brand management and strike the balance between simplicity and complexity in all brand decision-making and activity. Trade-offs are pervasive in marketing a brand—short-run sales versus long-run brand equity, global control versus local customization, retaining versus acquiring customers, to name just a few.

The art and science of modern brand marketing is to fully understand and creatively address these significant branding trade-offs. To do so, companies have employed a variety of strategies: breakthrough product or service innovations, improved business models, expanded or leveraged resources, enhanced or embellished marketing, perceptual framing to overcome misperceptions, or just sheer creativity and inspiration.

For example, the trade-off between sales-generating and brand-building activities requires that marketing communications impact both the short run (sales) and long run (brand building). Firms have addressed this in different ways: California’s “Got Milk?” campaign entertained consumers and sold milk; P&G’s Ivory promotional campaign challenged consumers to find one of the few bars that was weighted to sink in the bathtub, reinforcing

the key attribute of floating; the BMW film series “The Hire” developed equity-building communications by highlighting BMW performance aspects in short videos created by leading filmmakers.

As another example, another trade-off focuses on points-of-difference and points-of-parity. To be effectively positioned, the brand must have points-of-difference (PODs) in those areas where it excels and at least points-of-parity versus competitors in those areas in which it may be seen as inferior. Volvo and Quicken approached this by developing unique PODs (safety and ease of use, respectively), as well as parity with competitors on key points (for Volvo, style; for Quicken, performance). When Apple was first launched, it was so easy to use that the market thought it must not be powerful. Apple reframed that negative perception by redefining the idea of power: power is not what is inside of the computer, but what you can do with it.

In developing solutions to achieve balance in branding, it is important: (1) not to over-simplify branding so that all the richness is stripped away but, at the same time, (2) not to over-complicate branding so that marketers and other employees are overwhelmed by the complexity involved. The optimal branding approach recognizes that many different aspects of branding matter; the imperatives discussed in the preceding pages are intended to point the way to the most critical aspects in branding.

One final observation is warranted. The need to better reconcile potential marketing trade-offs in branding reinforces a key point. The broader take-away from this commentary is how much the talents and abilities of marketers managing brands has needed to evolve. The skill set required of successful brand marketers going forward will necessarily have to be broader and deeper than it



has been in the past. They need to have more in their “toolkits” than traditional brand marketers of 10 or 20 years ago.

Today’s brand marketers must know all of the usual marketing fundamentals, but also embellish those skills in important ways. For example, the best brand marketers must have cultural skills to understand the diversity of the new consumer, fluency in working with design techniques and

designers, IT and Internet skills to understand web-related marketing activities, an appreciation of new branding models and formal qualitative and quantitative measurement methods, creativity to devise holistic solutions, and so on. These requirements pose significant challenges, but also very exciting opportunities as marketers adopt higher standards in brand management excellence.

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*Exhibit 1***Research Insights on Brand Extensions**

- ▶ Successful brand extensions occur when the parent brand is seen as having favorable associations and there is a perception of fit between the parent brand and the extension product.
- ▶ There are many bases of fit: product-related attributes and benefits, as well as non-product-related attributes and benefits related to common usage situations or user types.
- ▶ Depending on consumer knowledge of the categories, perceptions of fit may be based on technical or manufacturing commonalities or more surface considerations such as necessary or situational complementarity.
- ▶ High-quality brands stretch farther than average-quality brands, although both types of brands have boundaries.
- ▶ A brand that is seen as prototypical of a product category can be difficult to extend outside the category.
- ▶ Concrete attribute associations tend to be more difficult to extend than abstract benefit associations.
- ▶ Consumers may transfer associations that are positive in the original product class but become negative in the extension context.
- ▶ Consumers may infer negative associations about an extension, perhaps even based on other inferred positive associations.
- ▶ It can be difficult to extend into a product class that is seen as easy to make.
- ▶ A successful extension can not only contribute to the parent brand image but also enable a brand to be extended even farther.
- ▶ An unsuccessful extension hurts the parent brand only when there is a strong basis of fit between the two.
- ▶ An unsuccessful extension does not prevent a firm from “backtracking” and introducing a more-similar extension.
- ▶ Vertical extensions can be difficult and often require sub-branding strategies.
- ▶ The most effective advertising strategy for an extension emphasizes information about the extension (rather than reminders about the parent brand).

Source: Kevin Lane Keller (2008), *Strategic Brand Management*, 3rd ed. Upper Saddle River, N.J.: Prentice Hall.

## Exhibit 2

# Possible Brand Extendibility Scorecard

Allocate points according to how well the new product concept for the brand rates on the specific dimensions in the following areas:

### Consumer Perspectives: Desirability

10 pts. \_\_\_\_\_ Product category appeal (size, growth potential)

10 pts. \_\_\_\_\_ Equity transfer (perceived brand fit)

5 pts. \_\_\_\_\_ Perceived consumer target fit

### Company Perspectives: Deliverability

10 pts. \_\_\_\_\_ Asset leverage (product technology, organizational skills, marketing effectiveness via channels and communications)

10 pts. \_\_\_\_\_ Profit potential

5 pts. \_\_\_\_\_ Launch feasibility

### Competitive Perspectives: Differentiability

10 pts. \_\_\_\_\_ Comparative appeal (many advantages, few disadvantages)

10 pts. \_\_\_\_\_ Competitive response (likelihood, immunity or invulnerability from)

5 pts. \_\_\_\_\_ Legal/regulatory/institutional barriers

### Brand Perspectives: Equity Feedback

10 pts. \_\_\_\_\_ Strengthens parent brand equity

10 pts. \_\_\_\_\_ Facilitates additional brand extension opportunities

5 pts. \_\_\_\_\_ Improves asset base

TOTAL \_\_\_\_\_ pts.

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