

Strategic Brand Management

Building, Measuring, and Managing Brand Equity

Global Edition

Kevin Lane Keller

Tuck School of Business

Dartmouth College

PEARSON

Boston Columbus Indianapolis New York San Francisco Upper Saddle River
Amsterdam Cape Town Dubai London Madrid Milan Munich Paris Montreal Toronto
Delhi Mexico City São Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo

Contents

Prologue: Branding Is Not Rocket Science 19

Preface 21

Acknowledgments 26

About the Author 28

PART I

Opening Perspectives 29

Chapter 1 Brands and Brand Management 29

Preview 30

What Is a Brand? 30

Brand Elements 30

Brands versus Products 31

BRANDING BRIEF 1-1: Coca-Cola's Branding Lesson 32

Why Do Brands Matter? 34

Consumers 34

Firms 35

Can Anything Be Branded? 36

Physical Goods 37

BRANDING BRIEF 1-2: Branding Commodities 38

THE SCIENCE OF BRANDING 1-1: Understanding Business-to-Business Branding 40

THE SCIENCE OF BRANDING 1-2: Understanding High-Tech Branding 41

Services 42

Retailers and Distributors 43

Online Products and Services 43

People and Organizations 45

Sports, Arts, and Entertainment 46

BRANDING BRIEF 1-3: Place Branding 48

Geographic Locations 48

Ideas and Causes 48

What Are the Strongest Brands? 48

THE SCIENCE OF BRANDING 1-3: Understanding Market Leadership 50

Branding Challenges and Opportunities 52

Savvy Customers 52

Economic Downturns 54

Brand Proliferation 54

THE SCIENCE OF BRANDING 1-4: Marketing Brands in a Recession 55

Media Transformation 55

Increased Competition 56

Increased Costs 56

Greater Accountability 56

The Brand Equity Concept 57

Strategic Brand Management Process 58
 Identifying and Developing Brand Plans 58
 Designing and Implementing Brand Marketing Programs 58
 Measuring and Interpreting Brand Performance 60
 Growing and Sustaining Brand Equity 60

Review 61

Discussion Questions 61

BRAND FOCUS 1.0: History of Branding 61

Notes 64

PART II

Developing a Brand Strategy 67

Chapter 2 Customer-Based Brand Equity and Brand Positioning 67

Preview 68

Customer-Based Brand Equity 68

Defining Customer-Based Brand Equity 68
 Brand Equity as a Bridge 70

Making a Brand Strong: Brand Knowledge 71

THE SCIENCE OF BRANDING 2-1: Brand Critics 72

Sources of Brand Equity 73

Brand Awareness 73
 Brand Image 76

Identifying and Establishing Brand Positioning 79

Basic Concepts 79
 Target Market 79
 Nature of Competition 81
 Points-of-Parity and Points-of-Difference 82

Positioning Guidelines 85

Defining and Communicating the Competitive Frame of Reference 85
 Choosing Points-of-Difference 87
 Establishing Points-of-Parity and Points-of-Difference 88

BRANDING BRIEF 2-1: Positioning Politicians 89

Straddle Positions 90
 Updating Positioning over Time 91
 Developing a Good Positioning 93

Defining a Brand Mantra 93

Brand Mantras 93
BRANDING BRIEF 2-2: Nike Brand Mantra 94
BRANDING BRIEF 2-3: Disney Brand Mantra 95

THE SCIENCE OF BRANDING 2-2: Branding Inside the Organization 97

Review 97

Discussion Questions 98

BRAND FOCUS 2.0: The Marketing Advantages of Strong Brands 98

Notes 100

Chapter 3 Brand Resonance and the Brand Value Chain 106

Preview 107

Building a Strong Brand: The Four Steps of Brand Building 107

Brand Salience 107
 Brand Performance 111
 Brand Imagery 113

THE SCIENCE OF BRANDING 3-1: Luxury Branding 114

Brand Judgments 117

Brand Feelings 118

Brand Resonance 120

BRANDING BRIEF 3-1: Building Brand Communities 122

Brand-Building Implications 122

THE SCIENCE OF BRANDING 3-2: Putting Customers First 126**The Brand Value Chain 128**

Value Stages 129

Implications 131

Review 132**Discussion Questions 134****BRAND FOCUS 3.0: Creating Customer Value 134**

Customer Equity 134

Notes 138**PART III****Designing and Implementing Brand Marketing Programs 141****Chapter 4 Choosing Brand Elements to Build Brand Equity 141****Preview 142****Criteria for Choosing Brand Elements 142**

Memorability 143

Meaningfulness 143

Likability 143

Transferability 144

Adaptability 144

THE SCIENCE OF BRANDING 4-1: Counterfeit Business Is Booming 146

Protectability 147

Options and Tactics for Brand Elements 147

Brand Names 147

URLs 155

Logos and Symbols 155

Characters 156

Slogans 158

BRANDING BRIEF 4-1: Updating the Disneyland Castle 159**THE SCIENCE OF BRANDING 4-2: Balance Creative and Strategic Thinking to Create Great Characters 160****BRANDING BRIEF 4-2: Benetton's Brand Equity Management 162**

Jingles 164

Packaging 164

Putting It All Together 167**BRANDING BRIEF 4-3: Do-Overs with Brand Makeovers 168****THE SCIENCE OF BRANDING 4-3: The Psychology of Packaging 169****Review 170****Discussion Questions 171****BRAND FOCUS 4.0: Legal Branding Considerations 171****Notes 173****Chapter 5 Designing Marketing Programs to Build Brand Equity 177****Preview 178****New Perspectives on Marketing 178**

Integrating Marketing 179

Personalizing Marketing 181

THE SCIENCE OF BRANDING 5-1: Making Sense Out of Brand Scents 183

Reconciling the Different Marketing Approaches 186

Product Strategy 187

Perceived Quality 187

Aftermarketing 187

Summary 190

Pricing Strategy 191

Consumer Price Perceptions 191

THE SCIENCE OF BRANDING 5-2: Understanding Consumer Price Perceptions 192

Setting Prices to Build Brand Equity 193

BRANDING BRIEF 5-1: Marlboro's Price Drop 193

Summary 199

Channel Strategy 199

Channel Design 199

Indirect Channels 201

Direct Channels 205

BRANDING BRIEF 5-2: Goodyear's Partnering Lessons 206

Online Strategies 208

Summary 208

Review 209**Discussion Questions 209****BRAND FOCUS 5.0: Private-Label Strategies and Responses 210****Notes 212****Chapter 6 Integrating Marketing Communications to Build Brand Equity 217****Preview 218****The New Media Environment 219**

Challenges in Designing Brand-Building Communications 219

Role of Multiple Communications 221

Four Major Marketing Communication Options 221

Advertising 221

THE SCIENCE OF BRANDING 6-1: The Importance of Database Marketing 229

Promotion 232

Online Marketing Communications 236

Events and Experiences 239

BRANDING BRIEF 6-1: Tough Mudder: The Toughest Event on the Planet 242

Mobile Marketing 244

Brand Amplifiers 246

Public Relations and Publicity 246

Word-of-Mouth 246

Developing Integrated Marketing Communication Programs 247

Criteria for IMC Programs 248

Using IMC Choice Criteria 250

THE SCIENCE OF BRANDING 6-2: Coordinating Media to Build Brand Equity 251**Review 252****Discussion Questions 253****BRAND FOCUS 6.0: Empirical Generalizations in Advertising 254****Notes 255**

Chapter 7 Leveraging Secondary Brand Associations to Build Brand Equity 259

Preview 260

Conceptualizing the Leveraging Process 261

Creation of New Brand Associations 261

Effects on Existing Brand Knowledge 261

Guidelines 262

Company 263

BRANDING BRIEF 7-1: IBM Promotes a Smarter Planet 264

Country of Origin and Other Geographic Areas 266

BRANDING BRIEF 7-2: Selling Brands the New Zealand Way 268

Channels of Distribution 269

Co-Branding 269

THE SCIENCE OF BRANDING 7-1: Understanding Retailers' Brand Images 270

Guidelines 271

Ingredient Branding 272

THE SCIENCE OF BRANDING 7-2: Understanding Brand Alliances 273

Licensing 275

BRANDING BRIEF 7-3: Ingredient Branding the DuPont Way 276

Guidelines 278

Celebrity Endorsement 278

Potential Problems 279

Guidelines 281

Sporting, Cultural, or Other Events 282

BRANDING BRIEF 7-4: Managing a Person Brand 283

Third-Party Sources 284

Review 285

Discussion Questions 286

BRAND FOCUS 7.0: Going for Corporate Gold at the Olympics 286

Notes 288

PART IV

Measuring and Interpreting Brand Performance 291

Chapter 8 Developing a Brand Equity Measurement and Management System 291

Preview 292

The New Accountability 292

Conducting Brand Audits 293

Brand Inventory 294

Brand Exploratory 295

Brand Positioning and the Supporting Marketing Program 298

THE SCIENCE OF BRANDING 8-1: The Role of Brand Personas 299

Designing Brand Tracking Studies 300

What to Track 300

BRANDING BRIEF 8-1: Sample Brand Tracking Survey 301

How to Conduct Tracking Studies 303

How to Interpret Tracking Studies 305

Establishing a Brand Equity Management System 305
 BRANDING BRIEF 8-2: Understanding and Managing the Mayo Clinic Brand 306
 Brand Charter 307
 Brand Equity Report 308
 Brand Equity Responsibilities 309
 THE SCIENCE OF BRANDING 8-2: Maximizing Internal Branding 310
 BRANDING BRIEF 8-3: How Good Is Your Marketing? Rating a Firm's
 Marketing Assessment System 312
 Review 314
 Discussion Questions 315
 BRAND FOCUS 8.0: Rolex Brand Audit 315
 Notes 322

**Chapter 9 Measuring Sources of Brand Equity: Capturing
 Customer Mind-Set 324**

Preview 325
 Qualitative Research Techniques 325
 BRANDING BRIEF 9-1: Digging Beneath the Surface to Understand
 Consumer Behavior 326
 Free Association 326
 Projective Techniques 328
 BRANDING BRIEF 9-2: Once Upon a Time . . . You Were What You Cooked 329
 Zaltman Metaphor Elicitation Technique 330
 BRANDING BRIEF 9-3: Gordon Ramsay 331
 Neural Research Methods 332
 Brand Personality and Values 333
 Ethnographic and Experiential Methods 334
 BRANDING BRIEF 9-4: Making the Most of Consumer Insights 335
 Summary 338
 Quantitative Research Techniques 338
 Brand Awareness 339
 Brand Image 342
 THE SCIENCE OF BRANDING 9-1: Understanding Categorical Brand Recall 343
 Brand Responses 344
 Brand Relationships 346
 THE SCIENCE OF BRANDING 9-2: Understanding Brand Engagement 349
 Comprehensive Models of Consumer-Based Brand Equity 351
 BrandDynamics 351
 Relationship to the CBBE Model 352
 Review 352
 Discussion Questions 353
 BRAND FOCUS 9.0: Young & Rubicam's BrandAsset Valuator 353
 Notes 359

**Chapter 10 Measuring Outcomes of Brand Equity: Capturing
 Market Performance 362**

Preview 363
 Comparative Methods 364
 Brand-Based Comparative Approaches 364

Marketing-Based Comparative Approaches 365
 Conjoint Analysis 367

Holistic Methods 368

Residual Approaches 369
 Valuation Approaches 371

THE SCIENCE OF BRANDING 10-1: The Prophet Brand Valuation Methodology 375

BRANDING BRIEF 10-1: Beauty Is in the Eye of the Beholder 378

Review 379

Discussion Questions 380

BRAND FOCUS 10.0: Branding and Finance 380

Notes 382

PART V

Growing and Sustaining Brand Equity 385

Chapter 11 Designing and Implementing Brand Architecture Strategies 385

Preview 386

Developing a Brand Architecture Strategy 386

Step 1: Defining Brand Potential 386

THE SCIENCE OF BRANDING 11-1: The Brand–Product Matrix 387

THE SCIENCE OF BRANDING 11-2: Capitalizing on Brand Potential 390

Step 2: Identifying Brand Extension Opportunities 392

Step 3: Branding New Products and Services 392

Summary 393

Brand Portfolios 393

BRANDING BRIEF 11-1: Expanding the Marriott Brand 396

Brand Hierarchies 398

Levels of a Brand Hierarchy 398

Designing a Brand Hierarchy 400

BRANDING BRIEF 11-2: Netflix Branding Stumbles 401

Corporate Branding 408

THE SCIENCE OF BRANDING 11-3: Corporate Brand Personality 409

Corporate Image Dimensions 409

BRANDING BRIEF 11-3: Corporate Reputations: The Most Admired U.S. Companies 410

BRANDING BRIEF 11-4: Corporate Innovation at 31M 412

Managing the Corporate Brand 414

Brand Architecture Guidelines 421

Review 422

Discussion Questions 423

BRAND FOCUS 11.0: Cause Marketing 423

Notes 426

Chapter 12 Introducing and Naming New Products and Brand Extensions 431

Preview 432

New Products and Brand Extensions 432

BRANDING BRIEF 12-1: Growing the McDonald's Brand 434

Advantages of Extensions 435

Facilitate New-Product Acceptance 436

Provide Feedback Benefits to the Parent Brand 438

Disadvantages of Brand Extensions 441

- Can Confuse or Frustrate Consumers 441
- Can Encounter Retailer Resistance 442
- Can Fail and Hurt Parent Brand Image 442

THE SCIENCE OF BRANDING 12-1: When Is Variety a Bad Thing? 443

- Can Succeed but Cannibalize Sales of Parent Brand 444
- Can Succeed but Diminish Identification with Any One Category 444

BRANDING BRIEF 12-2: Are There Any Boundaries to the Virgin Brand Name? 445

- Can Succeed but Hurt the Image of the Parent Brand 446
- Can Dilute Brand Meaning 446
- Can Cause the Company to Forgo the Chance to Develop a New Brand 446

Understanding How Consumers Evaluate Brand Extensions 447

- Managerial Assumptions 448
- Brand Extensions and Brand Equity 448
- Vertical Brand Extensions 451

Evaluating Brand Extension Opportunities 452

- Define Actual and Desired Consumer Knowledge about the Brand 452

BRANDING BRIEF 12-3: Mambo Extends Its Brand 453

- Identify Possible Extension Candidates 454
- Evaluate the Potential of the Extension Candidate 454
- Design Marketing Programs to Launch Extension 457
- Evaluate Extension Success and Effects on Parent Brand Equity 458

Extension Guidelines Based on Academic Research 459

Review 469

Discussion Questions 469

BRAND FOCUS 12.0: Scoring Brand Extensions 470

Notes 471

Chapter 13 Managing Brands Over Time 477

Preview 478

Reinforcing Brands 479

- Maintaining Brand Consistency 480

THE SCIENCE OF BRANDING 13-1: Brand Flashbacks 482

- Protecting Sources of Brand Equity 482
- Fortifying versus Leveraging 484
- Fine-Tuning the Supporting Marketing Program 484

BRANDING BRIEF 13-1: Razor-Sharp Branding at Gillette 487

Revitalizing Brands 490

BRANDING BRIEF 13-2: Remaking Burberry's Image 492

BRANDING BRIEF 13-3: Harley-Davidson Motor Company 493

BRANDING BRIEF 13-4: A New Morning for Mountain Dew 494

- Expanding Brand Awareness 495
- Improving Brand Image 497

Adjustments to the Brand Portfolio 499

- Migration Strategies 499
- Acquiring New Customers 499
- Retiring Brands 500

Review 502

Discussion Questions 504

BRAND FOCUS 13.0: Responding to a Brand Crisis 504

Notes 507

Chapter 14 Managing Brands Over Geographic Boundaries and Market Segments 509

Preview 510

Regional Market Segments 510

Other Demographic and Cultural Segments 511

Rationale for Going International 512

BRANDING BRIEF 14-1: Marketing to African Americans 513

Advantages of Global Marketing Programs 514

Economies of Scale in Production and Distribution 514

Lower Marketing Costs 515

Power and Scope 515

Consistency in Brand Image 515

Ability to Leverage Good Ideas Quickly and Efficiently 515

Uniformity of Marketing Practices 515

Disadvantages of Global Marketing Programs 516

Differences in Consumer Needs, Wants, and Usage Patterns for Products 516

Differences in Consumer Response to Branding Elements 516

Differences in Consumer Responses to Marketing Mix Elements 517

Differences in Brand and Product Development and the Competitive Environment 518

Differences in the Legal Environment 518

Differences in Marketing Institutions 518

Differences in Administrative Procedures 518

Global Brand Strategy 519

Global Brand Equity 519

Global Brand Positioning 520

Standardization versus Customization 521

Standardization *and* Customization 521

BRANDING BRIEF 14-2: Coca-Cola Becomes the Quintessential Global Brand 522

BRANDING BRIEF 14-3: UPS's European Express 524

Developing versus Developed Markets 528

Building Global Customer-Based Brand Equity 529

1. Understand Similarities and Differences in the Global Branding Landscape 529

2. Don't Take Shortcuts in Brand Building 530

3. Establish Marketing Infrastructure 531

4. Embrace Integrated Marketing Communications 532

5. Cultivate Brand Partnerships 532

6. Balance Standardization and Customization 533

BRANDING BRIEF 14-4: Managing Global Nestlé Brands 534

7. Balance Global and Local Control 535

8. Establish Operable Guidelines 536

8. Implement a Global Brand Equity Measurement System 537

10. Leverage Brand Elements 537

THE SCIENCE OF BRANDING 14-1: Brand Recall and Language 538

Review 539

Discussion Questions 541

BRAND FOCUS 14.0: China Global Brand Ambitions 541

Notes 543

PART VI**Closing Perspectives 547****Chapter 15 Closing Observations 547****Preview 548****Strategic Brand Management Guidelines 548**

Summary of Customer-Based Brand Equity Framework 548

Tactical Guidelines 550

What Makes a Strong Brand? 554**BRANDING BRIEF 15-1: The Brand Report Card 555****Future Brand Priorities 556**

1. Fully and Accurately Factor the Consumer into the Branding Equation 556

BRANDING BRIEF 15-2: Reinvigorating Branding at Procter & Gamble 558

2. Go Beyond Product Performance and Rational Benefits 560

3. Make the Whole of the Marketing Program Greater Than the Sum of the Parts 561

4. Understand Where You Can Take a Brand (and How) 563

5. Do the "Right Thing" with Brands 565

6. Take a Big Picture View of Branding Effects. Know What Is Working (and Why) 566

Finding the Branding Sweet Spot 566

Review 567**Discussion Questions 568****BRAND FOCUS 15.0: Special Applications 568****Notes 573****Epilogue 575****Index 577**