

# Brands and branding

**A**

## Brand equity

A brand is a name given to a product or group of products so that it can be easily recognized. 'The most distinctive power of professional marketers is their ability to create, maintain, protect and enhance (strengthen the power of) brands,' says Philip Kotler<sup>1</sup>. This is reflected in the value that companies put on their brands. For example, BMW paid \$60 million for the Rolls Royce name alone, not including any material assets such as manufacturing plant.

'Brand' often occurs in these combinations:

brand	awareness	the degree to which people know a brand
	familiarity	
	recognition	
	promise	what people expect from a brand
	preference	when consumers like one brand more than another
image	all the ways that people think about a brand	
equity	the value of a brand to its owners, as sometimes shown on a firm's balance sheet	

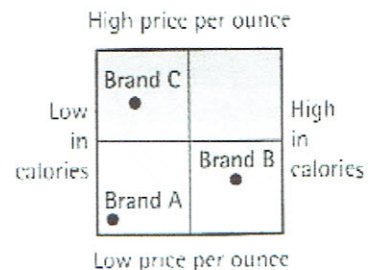
These combinations are some of the issues in branding, the art and science of using brands.

**B**

## Brand positioning and differentiation

A firm can position a brand by emphasizing its characteristics and benefits in relation to other brands – this is brand positioning, which can be represented on a positioning map.

Here is an example of a positioning map for different brands of breakfast food.



Differentiation is when a company designs a product in a way that distinguishes it from competitors' brands and communicates the comparative benefits to customers in its sales documentation, advertising etc. For example, a UK mobile phone company ran a campaign addressed to the 'hard-nosed businessman'. This was an effort to differentiate its:

- business services from those for private users
- business services from the less-targeted services offered by other mobile phone companies.

**C**

## Brand stretching

A flagship brand is the most important one owned by an organization – for example 'Coke' is the most famous of the many soft drinks brands owned by Coca-Cola. A generic brand is one used on a variety of different products. For example, the brand name 'Nestlé' is used on all the food products the company owns, even if another brand name is also used on some of the products.

Brand stretching or brand extension is when a company uses an existing brand name for new types of product. Some marketers say that there are limits to this. They say that brand stretching can lead to brand dilution, making the brand less powerful.

<sup>1</sup> Marketing Management (Prentice Hall 2000, p.415)