

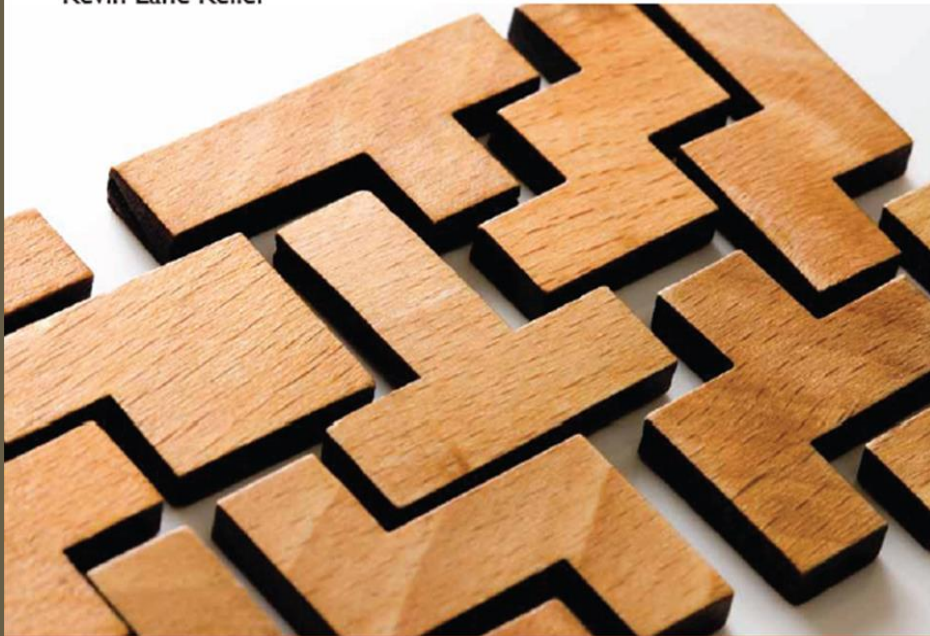
GLOBAL  
EDITION 

# Strategic Brand Management

*Building, Measuring, and Managing Brand Equity*

FOURTH EDITION

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ALWAYS LEARNING

PEARSON

## CHAPTER:2 CUSTOMER-BASED EQUITY AND BRAND POSITIONING

# Learning Objectives

- Define customer-based brand equity
- Outline the sources and outcomes of customer based brand equity
- Identify the four components of brand positioning
- Describe the guidelines in developing a good brand positioning
- Explain brand mantra and how it should be developed

# Customer-Based Brand Equity

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Defining Customer-Based Brand Equity

Brand Equity as a Bridge

# Defining Customer Based Brand Equity (CBBE)

- Approaches brand equity from the perspective of the consumer
- Stresses that the power of a brand lies in what resides in the minds and hearts of customers
- Differential effect that brand knowledge has on consumer response to the marketing of that brand

# Figure 2.1 - Marketing Advantages of Strong Brands

- Improved perceptions of product performance
- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to marketing crises
- Larger margins
- More inelastic consumer response to price increases
- More elastic consumer response to price decreases
- Greater trade cooperation and support
- Increased marketing communication effectiveness
- Possible licensing opportunities
- Additional brand extension opportunities

# Brand Equity as a Bridge

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Brand as a  
Reflection of the Past

Brand as a Direction  
for the Future

# To Sum up ...

- Consumers perception of the brand plays a key role in determining the worth of the brand
- Brand equity offers guidance to interpret past marketing performance and design future marketing programs
- Other factors that influence brand success and equity are:
  - ▣ Employees, suppliers, and channel members
  - ▣ Media and government

# Brand Knowledge

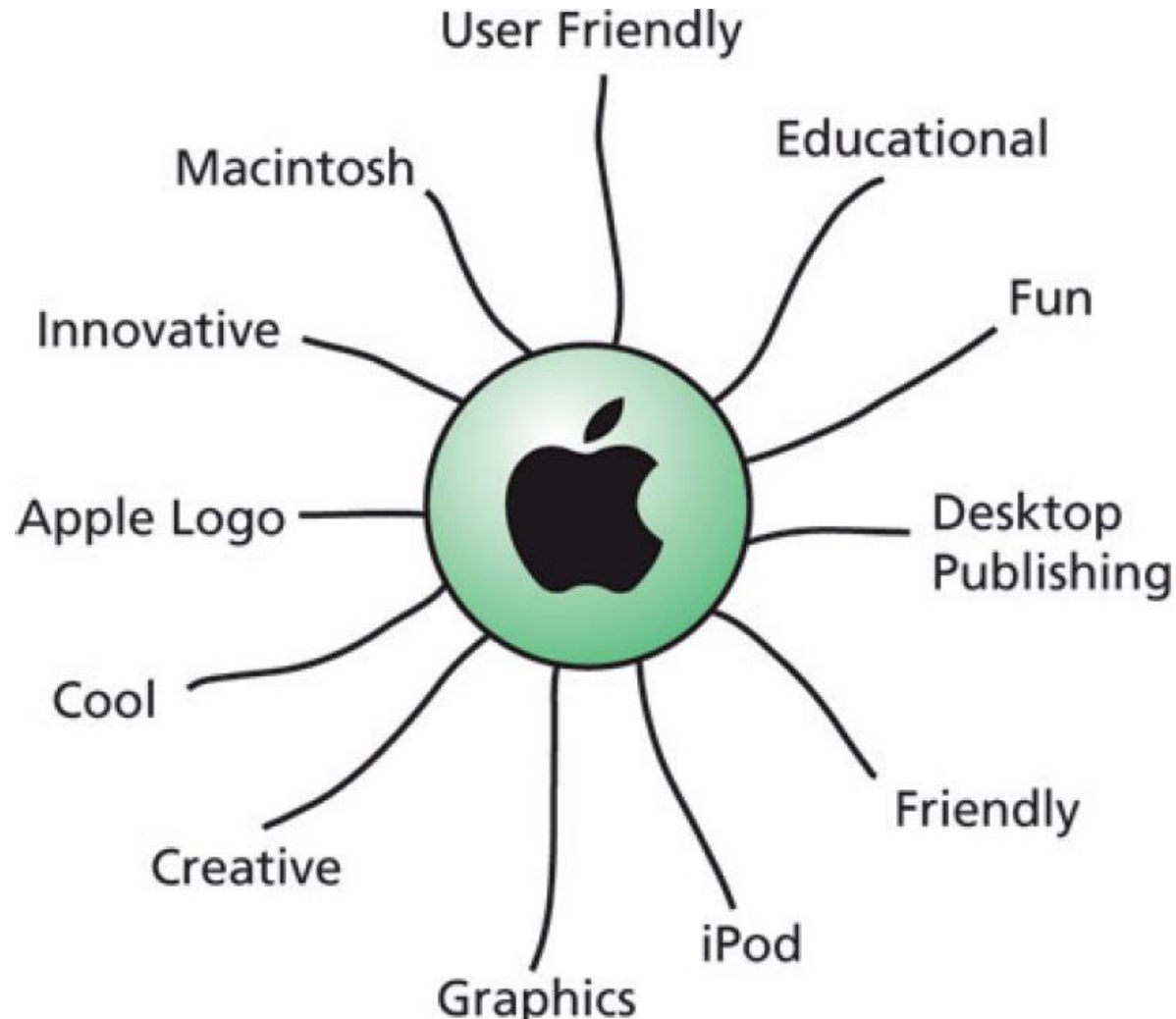
- Key to create brand equity
  - ▣ Creates the differential effect that drives brand equity
- Marketers need an insightful way to represent how brand knowledge exists in consumer memory



# Associative Network Memory Model

- Views memory as a network of nodes and connecting links
  - ▣ Nodes - Represent stored information or concepts
  - ▣ Links - Represent the strength of association between the nodes
- Brand associations are informational nodes linked to the brand node in memory

# Figure 2.2 - Possible Apple Computer Associations



# Sources of Brand Equity

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Brand Awareness

Brand Image

# Brand Image

## Strength of Brand Associations

- More deeply a person thinks about product information and relates it to existing brand knowledge, stronger is the resulting brand association

## Favorability of Brand Associations

- Is higher when a brand possesses relevant attributes and benefits that satisfy consumer needs and wants

## Uniqueness of Brand Associations

- “Unique selling proposition” of the product
- Provides brands with sustainable competitive advantage

# To Sum up...

- To create brand equity, marketers should:
  - ▣ Create favorable consumer response i.e. brand awareness
  - ▣ Create positive brand image through brand associations that are strong, favorable, and unique

# Identifying and Establishing Brand Positioning

Basic Concepts

Target Market

Nature of Competition

Points-of-Parity and Points-of-Difference

# Basic Concepts

- Brand positioning
  - Act of designing the company's offer and image so that it occupies a distinct and valued place in the target customers' minds
  - Finding the proper "location" in the minds of consumers or market segment
  - Allows consumers to think about a product or service in the "right" perspective

# Target Market

- **Market segmentation:** Divides the market into distinct groups of homogeneous consumers who have similar needs and consumer behavior
- Involves identifying segmentation bases and criteria
  - Criteria
    - Identifiability
    - Size
    - Accessibility
    - Responsiveness



# Figure 2.3 - Consumer Segmentation Bases

## **Behavioral**

- User status
- Usage rate
- Usage occasion
- Brand loyalty
- Benefits sought

## **Demographic**

- Income
- Age
- Sex
- Race
- Family

## **Psychographic**

- Values, opinions, and attitudes
- Activities and lifestyle

## **Geographic**

- International
- Regional

# Figure 2.4 - Business-to-Business Segmentation Bases

## Nature of Good

- Kind
- Where used
- Type of buy

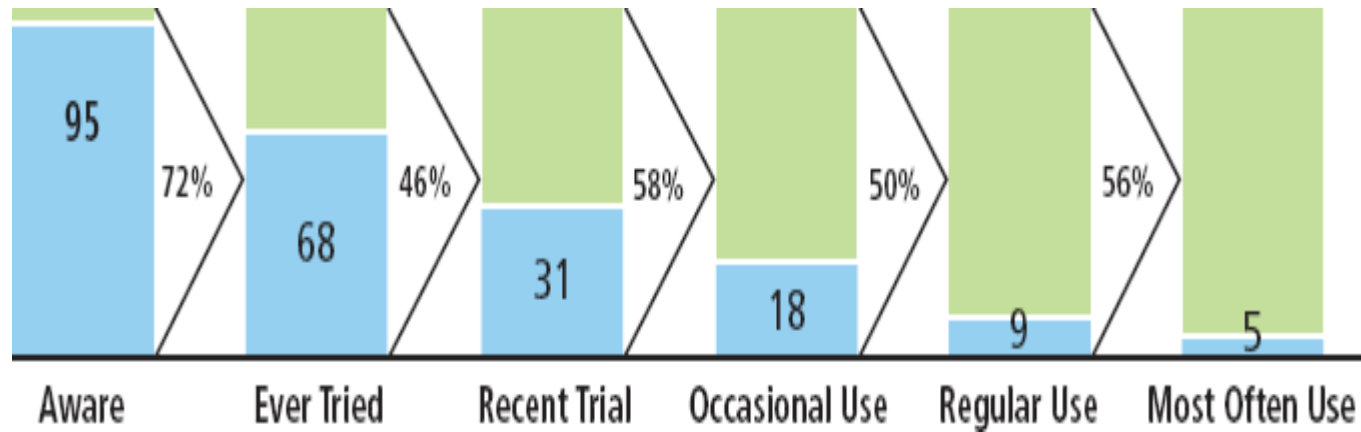
## Buying Condition

- Purchase location
- Who buys
- Type of buy

## Demographic

- SIC code
- Number of employees
- Number of production workers
- Annual sales volume
- Number of establishments

# Figure 2.5 - Hypothetical Examples of Funnel Stages and Transitions



# Nature of Competition

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- Competitive analysis
- Indirect competition
- Multiple frames reference

# Points of Parity and Points of Difference

- Points-of-difference associations
- Points-of-parity associations
- Points-of-parity versus points-of-difference

# To Sum up...

- To appropriately position a brand, marketers should:
  - ▣ Identify their target customers
  - ▣ Analyze the type of competition they might face in the identified market base
  - ▣ Identify product features and associations that are different or similar to their competitors

# Positioning Guidelines

Defining and Communicating the Competitive Frame of Reference



Choosing Points-of-Difference



Establishing Points-of-Parity and Points-of-Difference



Straddle Positions



Updating Position Overtime



Developing a Good Positioning

# To Sum up ...

- Brand positioning describes how a brand can effectively compete against a specified set of competitors
- A good product positioning should:
  - Have a “foot in the present” and a “foot in the future”
  - Identify all relevant points-of-parity
  - Reflect a consumer point of view in terms of the benefits that consumers derive
  - Contain points-of-difference and points-of-parity that appeal both to the “head” and the “heart”



# Brand Mantra

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Designing a Brand Mantra

Implementing a Brand  
Mantra

# To Sum up...

- A good brand mantra should:
  - ▣ Communicate the category of the business to set the brand boundaries and clarify what is unique about the brand
  - ▣ Be simple, crisp, and vivid
  - ▣ Stake out ground that is personally meaningful and relevant to as many employees as possible



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