

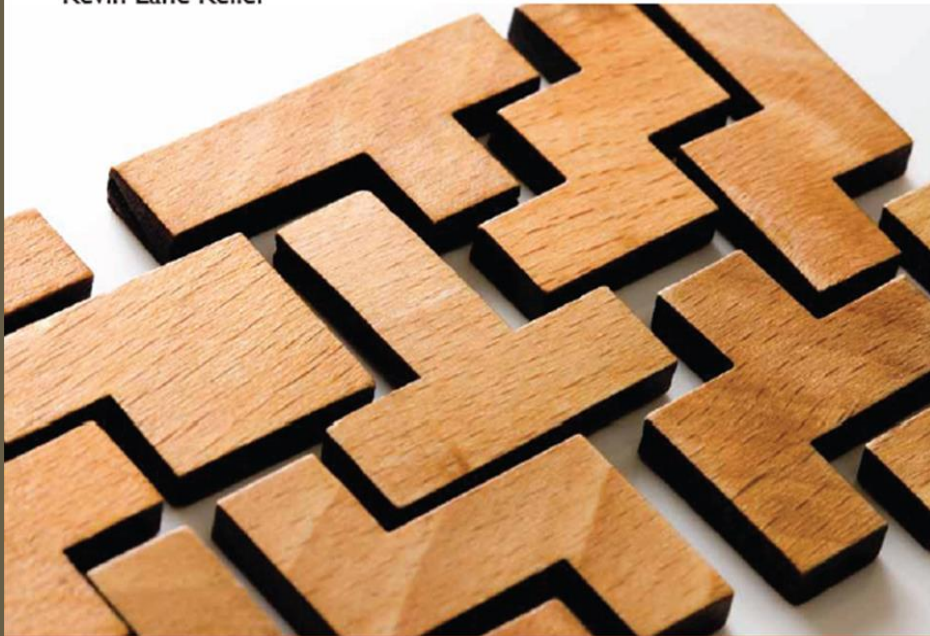
GLOBAL  
EDITION 

# Strategic Brand Management

*Building, Measuring, and Managing Brand Equity*

FOURTH EDITION

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ALWAYS LEARNING

PEARSON

## CHAPTER 5: DESIGNING MARKETING PROGRAMS TO BUILD BRAND EQUITY

# Learning Objectives

- Identify some of the new perspectives and developments in marketing
- Describe how marketers enhance product experience
- Explain the rationale for value pricing
- List some of the direct and indirect channel options
- Summarize the reasons for the growth in private labels

# New Perspectives on Marketing

- As firms are dealing with enormous shifts in their external marketing environments:
  - ▣ The marketing strategies and tactics have changed dramatically

# New Approaches Embraced by Marketers

- Rapid technological developments
- Greater customer empowerment
- Fragmentation of traditional media
- Growth of interactive and mobile marketing options
- Channel transformation and disintermediation
- Increased competition and industry convergence
- Globalization and growth of developing markets
- Heightened environmental, community, and social concerns
- Severe economic recession

# Figure 5.1 - The New Capabilities of the New Economy

## Consumers

Can wield substantially more customer power.

Can purchase a greater variety of available goods and services.

Can obtain a great amount of information about practically anything.

Can more easily interact with marketers in placing and receiving orders.

Can interact with other consumers and compare notes on products and services.

## Companies

Can operate a powerful new information and sales channel with augmented geographic reach to inform and promote their company and its products.

Can collect fuller and richer information about their markets, customers, prospects, and competitors.

Can facilitate two-way communication with their customers and prospects, and facilitate transaction efficiency.

Can send ads, coupons, promotion, and information by e-mail to customers and prospects who give them permission.

Can customize their offerings and services to individual customers.

Can improve their purchasing, recruiting, training, and internal and external communication.

# Integrating Marketing

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Personalizing Marketing

Reconciling the Different  
Marketing Approaches

# Personalizing Marketing



# Figure 5.2 - Brand Experience Scale

<b><i>SENSORY</i></b>	<p>This brand makes a strong impression on my visual sense or other senses.</p> <p>I find this brand interesting in a sensory way.</p> <p>This brand does not appeal to my sense.</p>
<b><i>AFFECTIVE</i></b>	<p>This brand induces feelings and sentiments.</p> <p>I do not have strong emotions for this brand.</p> <p>This brand is an emotional brand.</p>
<b><i>BEHAVIORAL</i></b>	<p>I engage in physical actions and behaviors when I use this brand.</p> <p>This brand results in bodily experiences.</p> <p>This brand is not action oriented.</p>
<b><i>INTELLECTUAL</i></b>	<p>I engage in a lot of thinking when I encounter this brand.</p> <p>This brand does not make me think.</p> <p>This brand stimulates my curiosity and problem solving.</p>



# Relationship Marketing

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Mass Customization

One-to-One Marketing

Permission Marketing

# Reconciling the Different Marketing Approaches

- Mass customization and one-to-one and permission marketing are:
  - Potentially effective means of getting consumers more actively engaged with a brand
- According to customer-based brand equity (CBBE) model:
  - Different approaches emphasize different aspects of brand equity

# Reconciling the Different Marketing Approaches

- The four approaches can build stronger consumer–brand bonds
- Firms must still devise product, pricing, and distribution strategies as part of their marketing programs

# To Sum Up..

- Implication of the new approaches:
  - The traditional “marketing mix” concept and the notion of the “4 Ps” of marketing may not fully describe modern marketing programs
  - Firms must still devise product, pricing, and distribution strategies as part of their marketing programs

# Product Strategy

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Perceived  
Quality

Aftermarketing

# Aftermarketing



# To Sum Up..

- The product is at the heart of brand equity
- Product strategy entails choosing:
  - Tangible and intangible benefits the product will embody
  - Marketing activities that consumers desire and the marketing program can deliver

# Pricing Strategy

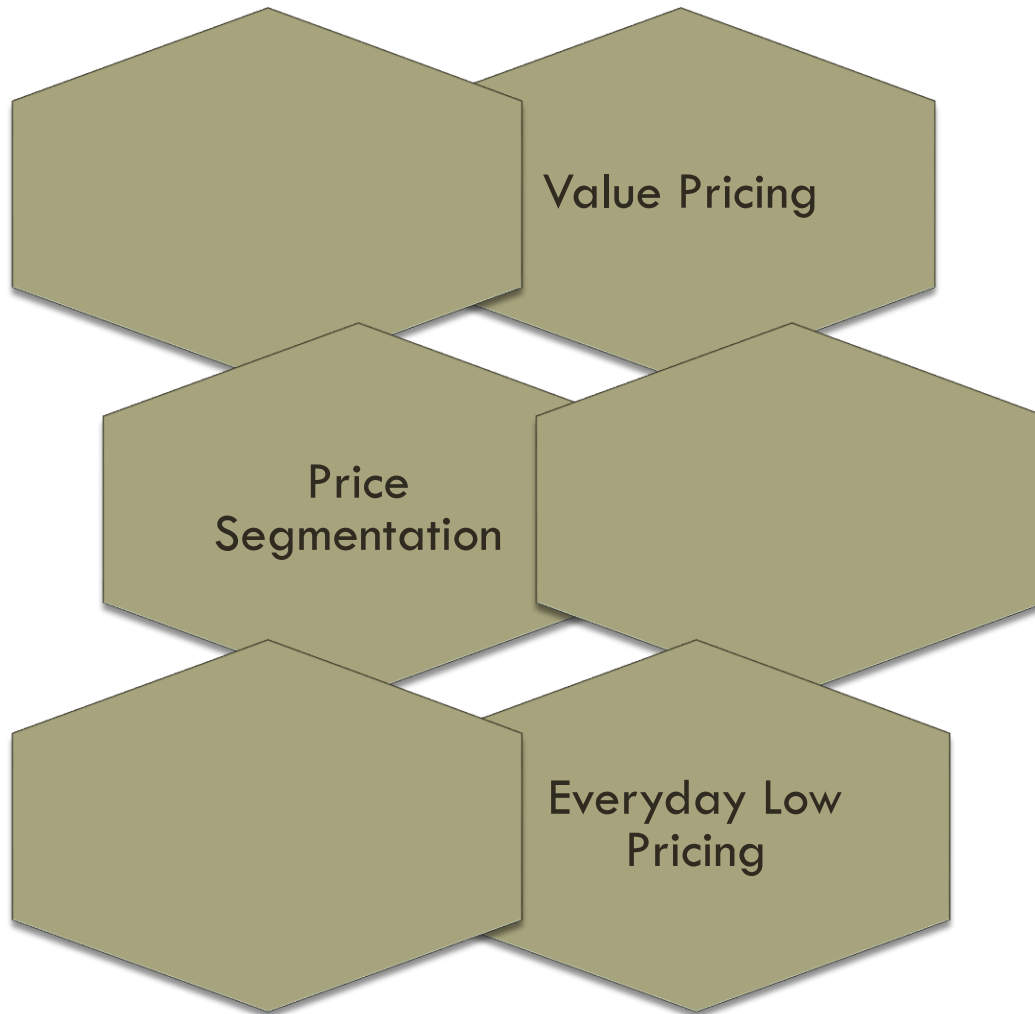
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Consumer Price  
Perceptions

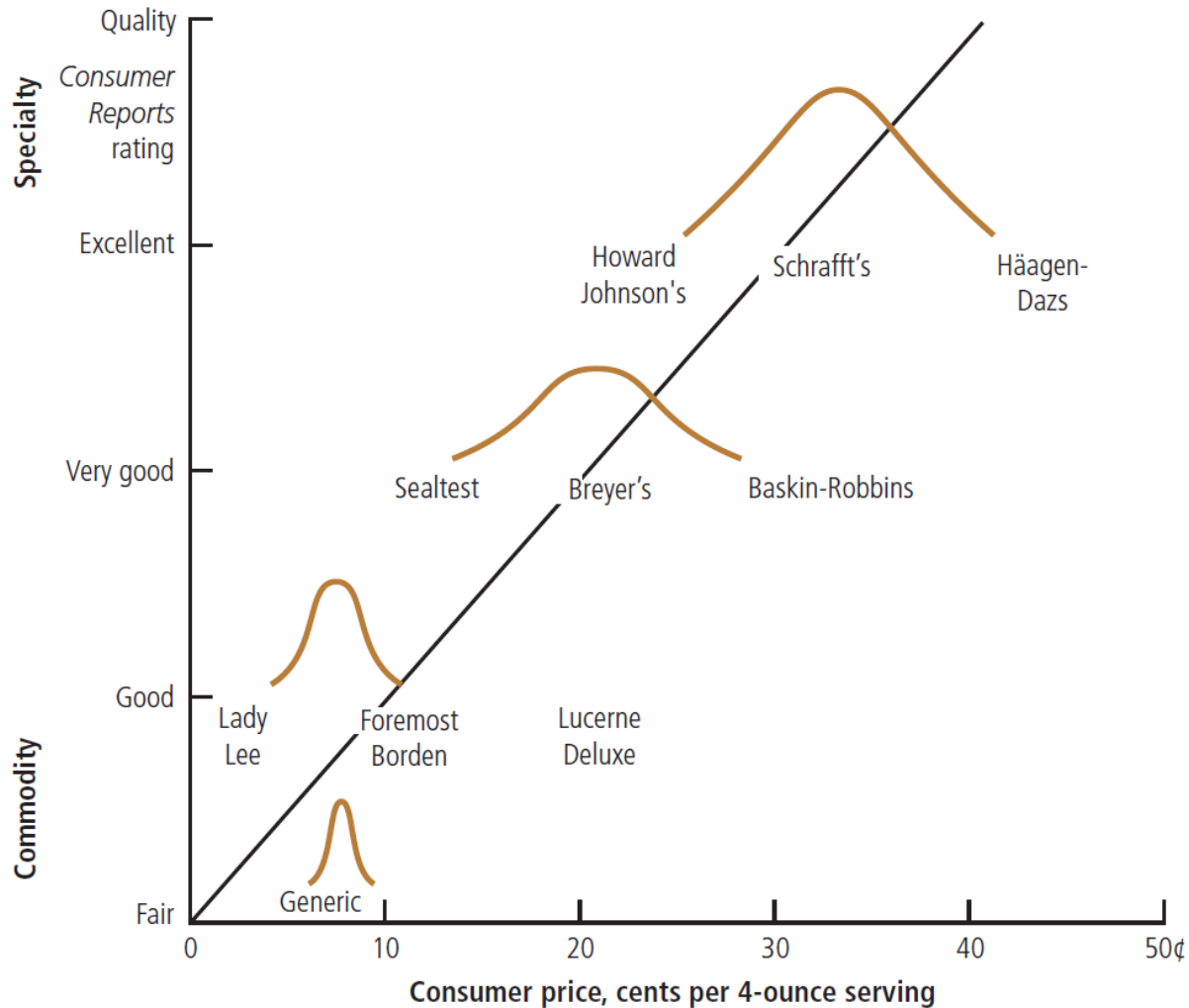
Setting Prices to  
Build Brand Equity



# Setting Prices to Build Brand Equity



# Figure 5.3 - Price Tiers in the Ice Cream Market



# Channel Strategy

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Channel Design

Indirect Channels

Direct Channels

Online Strategies

# Figure 5.5 - Services Provided by Channel Members

Marketing research	Gathering information necessary for planning and facilitating interactions with customers
Communications	Developing and executing communications about the product and service
Contact	Seeking out and interacting with prospective customers
Matching	Shaping and fitting the product/service to the customer's requirements
Negotiations	Reaching final agreement on price and other terms of trade
Physical distribution	Transporting and storing goods (inventory)
Financing	Providing credit or funds to facilitate the transaction
Risk-taking	Assuming risks associated with getting the product or service from firm to customer
Service	Developing and executing ongoing relationships with customers, including maintenance and repair

*Source:* Reprinted from Donald Lehmann and Russell Winer, *Product Management* (Burr Ridge, IL: Irwin, 1994).

# To Sum Up..

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Channel members should be thought of and treated as valuable customers whose image and actions can hurt or enhance brand equity



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