

# Chapter 1

Date

# Brand Concept



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# Learning objectives

## Brand

Understanding the concept of brand and differences between brand and product

## Elements

Understanding different elements of brand

## Role

Identifying the role of brand for customer and for company

# Agenda



- Brand – notion and characteristics
- Types of brand
- Brand elements
- Wide concept of brand
- Legal aspect of brand
- Branding policy
- Brand values
- Branding challenges

# Brand – notion and characteristics

Brand is a name, term, sign, symbol, drawing, or other characteristics that distinguish a company's products on the market

Brand promises the seller or manufacturer to continuously provide a specific set of features, benefits and services to the buyer



# Six meanings of brand

**Features**

**Benefits**

**Values**

**Culture**

**Personality**

**User**

The logo for brandY, featuring three orange diamonds stacked vertically to the left of the word "brandY" in a grey sans-serif font, with the "Y" in blue.

# Features

Brand is associated with certain features at first

*So Mercedes is associated with an expensive, good, durable car with high prestige and high resale value. The company may use one or more of these characteristics to promote the car. Over the years, Mercedes has used the advertising slogan: "A car built like no other in the world." This served as the basis for showing the other advantages of the car*



# Benefits

Brand is more than just a set of features

Customers don't buy features but benefits

*Characteristics must be translated into functional and emotional benefits: "I won't have to buy a car for many years." The high price of a car translates into an emotional benefit: "I will feel important and admired." The feature of a good structure is translated into a functional and emotional benefit: "I am safe in the event of an accident"*



# Values

Brand also speaks of the values provided by the manufacturer

*Mercedes provides high performance, safety, prestige, etc. Therefore, it becomes necessary to identify the segment of buyers looking for these values*





# Culture

Brand can additionally represent a certain culture

*Mercedes represents the German culture: good organization, efficiency and quality*

# Personality

Brand may suggest a certain personality

If the brand were itself, an animal or an object, what would buyers associate it with?

*A Mercedes can be associated with a sensible boss (person), a lion - the king of animals (animal) or a beautiful palace (object)*

*Sometimes it may take on the personality of a famous public figure*



# User

Brand suggests the type of customer buying and using the product

*In the case of Mercedes, it is equated to the use of the 55-year-old director of the company. Users are those who represent the values, culture and personality of the product*

# Brand names

It should suggest some benefits of having the product

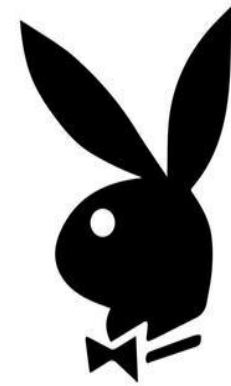
It should suggest the effectiveness and quality of the product, or the mode of action or color

It should be easily pronounced, recognized and remembered. Good names are short

Should be different from others

It shouldn't mean anything negative in other languages

The logo for 'brandY' features three orange diamonds stacked vertically to the left of the word 'brandY'. 'brand' is in a grey sans-serif font, and 'Y' is in a blue sans-serif font.



## Non-verbal part of brand

- It can be:
  - symbol,
  - graphic sign or
  - distinctive colors, e.g. the lion of the ING financial group, Playboy bunny or Coca-Cola red and white

# Types of brands

- Manufacturer brands,
- Own label brands, e.g. stores, wholesalers, dealers etc.,
- Generic brands

# Manufacturer brands



The Vans logo, consisting of the word "VANS" in a bold, black, sans-serif font with a registered trademark symbol, set against a white background.

The New Balance logo, featuring a stylized "B" with horizontal lines to its left, above the words "new balance" in a lowercase, sans-serif font.

- Brands signed by manufacturers are aimed at identifying the products of a given manufacturer at each point of sale, both in the warehouse and in stores
- Selling products under the producer's name means the producer's involvement in other marketing functions, i.e. in distribution, promotion, as well as in the pricing policy

The brandy logo, featuring three orange diamonds stacked vertically to the left of the word "brandy" in a lowercase, sans-serif font, with the "Y" in blue.

# Own label brands



- The main feature of this type of brand is the anonymity of the manufacturer
- The company's products are sold under the distributor's brand
- Promotion of the brands of commercial networks is beneficial for trade
- Selling goods under your own brand increases the effectiveness of the promotion, allows you to generate higher gross margin and improves the image of the store





# Generic brands

- They only suggest belonging to a certain group of products, without using the manufacturer's name or other terms allowing for a closer identification of the product on the market
- They are in fact non-branded products with lower prices than branded ones
- In many cases, the products sold under the primary brand are identical to the well-known brands of the manufacturer and are often produced by the same manufacturer

# Brand elements

- Brand elements are: a name, logo, symbol, package design, or other characteristic that identifies a product and distinguishes it from others
- Brand names themselves come in many different forms. There are brand names based on:
  - people's names, like Coco Chanel cosmetics, Tesla automobiles, and Tom Ford clothes
  - places, like: Air France, and Seat Ibiza
  - animals or birds, like Tiger energy drink, Mustang automobiles, Dove soap
  - nature, like apple in case of iPhones, Shell gasoline, or lion in case of ING Group
  - prefixes and suffixes that sound scientific, natural, or prestigious, like Asus computers and laptops, Nike for sport clothes and shoes, and Empik for book store



# Wider concept of the brand

- is sign that guarantees a product's origin and authenticity
- is the name of a different and superior product
- identify endowed on a product to make it unique and superior
- position strongly held in the consumer's mind
- is the name that means a trusted promise
- is sign that denotes a benefit or a set of values in people's minds

The logo for brandY features a stylized 'b' composed of three orange diamonds stacked vertically, followed by the word 'brandY' in a bold, sans-serif font. The 'b' and 'r' are grey, while the 'a', 'n', and 'd' are black, and the 'Y' is blue.

# Wider concept of the brand

- adds value beyond the utility of the product it signifies
- is the name with the power to influence markets
- creates desire and loyalty
- is remarkable value proposition
- commanding respect, admiration, love and passion
- is able to create a community around its values

 brandY

# Brand architecture

- Brand architecture is the structure that organizes the brand portfolio
- It defines brand roles and relationships among a company's brands
- Brand architecture can be structured in three main ways:
  - monolithic brand structure equals a structure where the company relies solely on a corporate brand
  - at the other end of the spectrum there are the individually branded products
  - brands, which are a hybrid, where a corporate brand is used to endorse the corporate brands in the portfolio



# Legal aspect of the brand

- Brands could be fully or partially legally reserved and then are referred to as a **trademark**
- There is a legal form of protection for the seller's exclusive rights to use it
- A key point in this legal definition is that trademarks start protect brand since their registration day
- From that day they become a property, which needs to be defended against infringements and counterfeiting
- Brand rights disappear when they are not well enough defended, or if registration is not renewed

# Brand policy

- Manufacturers who decide to promote their products as branded have the following options to choose from:
  - individual brand
  - family brand
  - line family branding
  - brand extension
  - brand licensing

# Individual brand

- Individual brand occurs when each company product has a separate brand, unrelated to the company's name (e.g. Novotel and Ibis as hotels of the same company)
- Introducing a name for each product is advisable if there are large differences in quality, price or application
- It was first introduced by Procter & Gamble several dozen years ago and has had many followers since then
- Each product introduced to the market receives a separate name



# Individual brand

- Individual brands are very expensive to launch on the market and require enormous investments in advertising and sales promotion
- They should be used in the following situations:
  - With a large market potential, which will allow for high expenditure on promotion
  - When a product has been developed for different market segments and differs in price, quality or application
  - When there is a high risk of failure and the company may not want to risk the reputation of its own or existing brands

# Family brand

- Brands for a product family are given when there are little differences between products or where there is little market potential, such as with Makita garden tools
- The goal is to build an overall corporate image and rely on it to bring new products to market
- In this case, the knowledge of the fact that buyers tend to transfer their good opinion about the company to the products they produce is used

# Line family branding

- It happens that a company uses family brands only for products of one product line
- An example is the company Procter & Gamble, which under the Gillette name produces both shaving cosmetics and accessories, but also cleaning products under the Mr Proper brand



# Brand extension

- Brand extension or brand stretching it occurs when a company markets additional products under the same name
- Often these are products belonging to the same category, e.g. new flavors, colors, additional ingredients
- The manufacturer transfers one of the existing brands to an improved or new product



# Branding license

- The last form of branding policy, specially very popular in developing countries is to purchase a branding license
- For a specified fee, the manufacturer may grant a given company permission to use its brand

# Brand values for customer

- Brands identify the source or maker of a product and allow consumers to assign responsibility to a particular manufacturer or distributor
- Most important, brands take on special meaning to consumers
- Because of past experiences with the product and its marketing program over the years, consumers find out which brands satisfy their needs and which ones do not
- As a result, brands provide a shorthand device or means of simplification for their product decisions



# Role of brand for customer

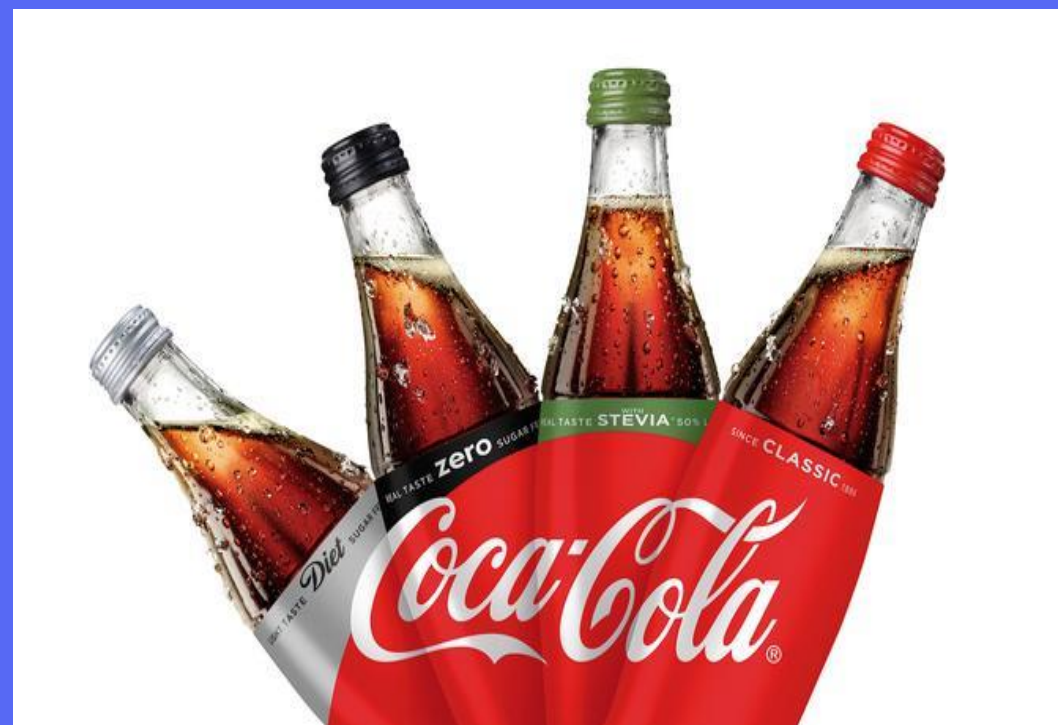
- For *search goods* like grocery produce, consumers can evaluate product attributes like sturdiness, size, color, style, design, weight, and ingredient composition by visual inspection
- For *experience goods* like automobile tires, consumers cannot assess product attributes like durability, service quality, safety, and ease of handling or use so easily by inspection, and actual product trial and experience is necessary
- For *credence goods* like insurance coverage, consumers may rarely learn product attributes



# Brands can reduce customer the risks

- *Functional risk*: The product does not perform up to expectations
- *Physical risk*: The product poses a threat to the physical well-being or health of the user or others
- *Financial risk*: The product is not worth the price paid
- *Social risk*: The product results in embarrassment from others
- *Psychological risk*: The product affects the mental well-being of the user
- *Time risk*: The failure of the product results in an opportunity cost of finding another satisfactory product





- Brands can also bring:
  - Excitement
  - Joy
  - Empathy
  - Stimulation
- This is their another function: they animate the category
- They stimulate
- Thus they become exciting and unsubstitutable

# Brand values for company

- Fundamentally, brands serve an identification purpose, to simplify product handling or tracing
- Operationally, brands help organize inventory and accounting records
- A brand also offers the firm legal protection for unique features or aspects of the product
- A brand can retain intellectual property rights, giving legal title to the brand owner
- Brands can signal a certain level of quality so that satisfied buyers can easily choose the product again
- Brands represent enormously valuable pieces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues



## Brand values for customers

- Identification of source of product
- Assignment of responsibility to product maker
- Risk reducer
- Search cost reducer
- Promise, bond, or pact with maker of product
- Symbolic device
- Signal of quality

## Brand values for companies

- Means of identification to simplify handling or tracing
- Means of legally protecting unique features
- Signal of quality level to satisfied customers
- Means of endowing products with unique associations
- Source of competitive advantage
- Source of financial returns

# Branding challenges

- Savvy customers
- More complex brand families and portfolios
- Maturing markets
- More sophisticated and increasing competition
- Difficulty in differentiating
- Decreasing brand loyalty in many categories
- Growth of private labels
- Increasing trade power
- Fragmenting media coverage
- Eroding traditional media effectiveness



# Branding challenges

- Emerging new communication options
- Increasing promotional expenditures
- Decreasing advertising expenditures
- Increasing cost of product introduction and support
- Short-term performance orientation
- Increasing job turnover
- Pronounced economic cycles

# Brand future

- Major brands have more than just a specific or dominating position in the market: they hold certain positions within the product category
- This position and conception both energize the brand and feed the transformations that are implemented for matching the brand's products with its ideals
- It is this conception that justifies the brand's existence, its reason for being on the market, and provides it with a guideline for its life cycle

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