The UNIVERSITY of VERMONT

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Branding

I. Product Augmentation
   a. Introduction
      i. No amount of marketing effort will salvage a poor product
      ii. We must start with strong products
      iii. Levitt: New competition is not between what's produced in the factory but in what's added (information, warehousing, financing, delivery arrangements)
      iv. "Product Augmentation Level" competition
   b. Generic Benefits
      i. Relative Advantage
      ii. Testability
      iii. Ease of Use
      iv. Compatibility with Existing Business Practices
   c. Augments
      i. Feature Enhancements
      ii. Packaging Improvements
      iii. Customer Service (cycle time, information, et cetera)
      iv. Improved Warranty / Guarantee
      v. Enhanced Credit Terms
   d. The product is replaced by the "offering" (i.e. the complete marketing mix)
   e. Critical Issues
      i. Make sure we're only augmenting with things customers actually want
      ii. Know how much it will cost
      iii. Find out how well the augmented product will compete against non-augmented products by competitors

II. Branding Introduction
   a. Not interested in legalities like trademarks. Interested in the concept of branding
   b. A brand is just a distinguishing name / symbol / sign / design (or combination) that identifies and differentiates the product
   c. Includes good associations and bad associations
   d. Consider how many brand names we already know!
   e. Brand Equity
      i. Branding can increase loyalty, raise reservation prices.
      ii. Dollar Value of Brand Equity = Price Premium * Incremental Value
      iii. (Price Premium is the difference above generic prices)
      iv. Aaker: Brand is a source of competitive advantage
   f. Line Extensions
      i. Extend brand to a new size, new flavor, new color
      ii. Not really changing anything or doing anything unexpected
      iii. Example: Cherry Coke, Yoplait Light
   g. Brand Extensions
      i. Applying the brand name to a whole new category
      ii. This is harder to do but potentially a huge advantage
      iii. How far can you stretch a brand? Haagen Dazs to frozen desserts? To frozen entrées? The former is easier to accept than the latter.
      iv. Licensing
         1. Some other company stretches the brand
         2. "Harley Davidson" Big-Wheel tricycle
         3. Caterpillar clothes
      v. The Good
         1. Immediate, potentially favorable associations
         2. Same product, different form (Dole fruit bars)
         3. Companion product
         4. A product where the company's expertise is applicable

5. Positive associations feed back to the original products

vi. The Bad

1. Name adds no value (Pillsbury Popcorn)
2. Negative attribute association (Campbell's Tomato Sauce)
3. Poor fit with the original products

vii. The Ugly

1. Creates undesirable associations (Pentium Pro after the "Pentium Bug")
2. Weakens existing associations
3. Not good to cannibalize higher-margin products with the new brand

III. Characteristics of Strongest Brands

a. Excels at delivering benefits customers desire
b. Stays relevant! (Must invest in improvements)
c. Pricing based on perceptions of value
d. Properly positioned (where are we like other brands, and where are we different)
e. Brand portfolio and hierarchy make sense
f. Uses full repertoire of marketing activities
g. Managers understand what the brand means to customers
h. Brand given support! Sustained over time, even in bad times. Advertising money and trade dollars still put in even when the economy isn't looking good.