WHARTON EXECUTIVE ESSENTIALS

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GLOBAL BRAND POWER

Leveraging Branding for Long-Term Growth

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Introduction

Brands today must be global. They must offer value across different countries and diverse cultures: that is, they must be porous enough to allow for reasonable brand and product-line extensions, broad enough to change with dynamic market conditions, consistent enough so that consumers who travel physically or virtually won’t be confused, and precise enough to provide clear differentiation from the competition.

In this age of total transparency—one slipup can go around the world via social media instantaneously—a strong global brand must express the same core meanings regardless of the market it is in. If those core meanings are not stable across markets, the authenticity of the brand is threatened. Consumers who travel virtually or physically will be confused, and the brand will lose its power. If a brand is inconsistent in its central values, consumers will surely point out the discrepancies, and if they start doing this, the bottom line will suffer.

But brands and products are not the same thing. While brands must be global, products introduced to new markets should be implemented with a clear understanding of the local culture and conventions, and advertised, distributed, and priced with local market conditions in mind.

The distinction between brands and products became clear in 1985. Brands had existed before then, of course, but neither customers nor marketing managers genuinely understood their true power or realized that they had a life of their own independent from the products’ attributes.
Almost without exception, pre-1985 brands were product focused. Think Coca-Cola, Gillette, Nabisco, Campbell, Lipton, Goodyear, and Kellogg. Each one of these was—and still is—a very, very strong brand, but each one also, at least initially, was identified with specific product attributes, which limited growth potential and global credibility. Other very strong brands that were developed before 1985, such as Oldsmobile and Kodak, became so closely associated with specific product characteristics that in spite of worldwide brand awareness, they offered little hope of future market success.

Before 1985, consumers were willing to pay a price premium for certain brands, but they rarely identified so closely with a brand that they would protest passionately if aspects of the brand marketing changed in a way they didn’t like. Similarly, marketers were well aware of brands, but they didn’t know how to build them, leverage them appropriately, or encourage consumers to establish relationships with them.

So what happened in 1985 to change all of this? That was the year the Coca-Cola Company introduced New Coke and removed what the company subsequently called Classic Coke from store shelves.

There were good market reasons for developing the new product. Coca-Cola was a much bigger global company than Pepsi Cola, thanks to Coke’s global expansion and domination of the restaurant and vending machine markets. However, the market share of Coca-Cola was lagging in supermarkets, the only channel where consumers could choose for themselves. Pepsi Cola had launched the “Pepsi Challenge” advertising campaign, which suggested that consumers preferred the taste of Pepsi to that of Coke. In response, after significant market testing, Coca-Cola launched New Coke, which had a product taste that consumers seemed to prefer in blind taste tests.

What Coca-Cola executives did not realize at the time was that consumers were not making soft drink choices based on
critical product attributes such as taste but instead were choosing products because of their loyalty to the brand. For years, the Coca-Cola brand was associated with small-town Americana. Coke was featured in Norman Rockwell ads, in World War II “Support Our Troops” campaigns, and in Christmas time celebrations. Coca-Cola traveled the world with the US Olympic team. The quintessential American TV family—Ozzie, Harriet, David, and Ricky Nelson—drank Coke. Coca-Cola was “the real thing.” Coke was “it.” When Coca-Cola executives removed Classic Coke from the shelves, they removed more than a product; they took away something dear to their customers’ hearts. Subsequent market research revealed that consumers felt betrayed. “I couldn’t be more upset if my husband cheated on me,” one customer complained.

This shocking reaction proved to Coca-Cola and the world that consumers were loyal to brands in and of themselves, and not necessarily to product features. This realization radically changed the way both academics and business practitioners thought about brands. Now, more than 25 years later, we have amassed significant knowledge about how branding works. Marketing managers understand that brands are an investment; they have value in and of themselves, over and above the tangible capital invested.

With this new knowledge, managers have been able to create cohesive long-term global-brand strategies that can provide substantial growth opportunities for a firm. Strong brands have higher market share, higher prices, and higher margins. Since 1985, the growth of the top 100 brands has exceeded the growth of the advanced economy GDP by more than 35%.

Consumers have responded as well. Although there were strong brands prior to 1985, new marketing strategies of well-executed brands have created even more powerful loyalties. A new generation of consumers no longer thinks it odd to self-identify with a brand. Consumers proudly wear brand logos.
Brands are mentioned often in popular TV shows, songs, and books because they quickly establish character dimensionality. And when Steve Jobs—a consummate marketer who understood the new global love affair with brands—passed away, consumers responded by placing flowers at the appropriate altar, the Apple stores. Brands have truly become a religious experience.

This growth in the power of global brands is not by chance. We have learned how to build such brands, how to position them appropriately, how to create emotional bonds, and how to continually reposition these brands to keep pace with changing market dynamics. We have also learned how to measure these emotional and symbolic associations and account for the economic value of brands and the price premiums branded goods can enjoy. Bottom line: We now know how to leverage and manage brands to help the firm grow.

Good brands are not accidents. Their long-term value to the firm has to be developed and managed over time. The best brands form relationships with their customers. In doing so, brand meanings may also be co-created through social media communities and customer-engagement strategies. Grappling with all these issues is the challenge that every marketer faces.

Moving from Product-Focused to Customer-Focused Brands

To understand how branding strategies have changed, we need to look at the basic mechanics of a market. In the simplest terms, a market is an exchange between buyers and sellers. If you think of the extremes of the continuum, you can have a seller’s market, in which the seller has all the power, or a buyer’s market, where the buyer has ultimate choice and therefore the market power. Obviously, branding strategies should differ as a function of the nature of the market.
In a seller’s market, if customers want your product, they come to you. In this case, it makes sense for brands to focus on product attributes. Growth strategies come from developing new products based on shared product experience or selling products that you produce to new markets. When Coca-Cola developed a new diet soft drink and branded it Diet Coke, it became an instant success because customers understood that the new product would have attributes (cola flavor) similar to those of the core product.

Most markets today, though, do not favor the seller. Because of globalization, deregulation, threats of substitutes, and increased competition, markets have become very competitive, and buyers have a great deal of choice. In this situation, persuading a buyer to purchase from you rather than from the competition means focusing on what customers want and offering something that they value.

All customers are not the same, which means trying to satisfy all customers is futile. A buyer’s market necessitates segmentation strategies. Segmentation is a process by which a firm partitions the market into submarkets such that customers’ responses to marketing variables within the submarkets are similar, and responses across submarkets vary greatly. In this situation, marketers pick an attractive segment to target, and brands must foster an emotional, authentic connection with the targeted customers. Brands need to engender trust and reliability while generating strong loyalty. In today’s connected world, customers find out about products from not only the firms that produce them but also other customers. Thus, brands need to engender strong emotional customer-focused bonds that motivate consumers to build relationships with them and to form social communities around them. Profitability comes from premium or value-pricing strategies, long-term relationships with the customer, and cross-selling.
Customers Own the Brand

Reverence for the Apple brand proves just how deep consumer loyalty can run. Such loyalty exists beyond consumer markets. Many IT specialists are very faithful to IBM; OEMs respect Intel chips; logistics officers commit to FedEx. While customers do respond to marketing messages from a company, they also form impressions based on their own experiences. Gap learned this the hard way when it tried to introduce a new Gap logo. The logo lasted just one week before consumers revolted and forced Gap back to the original design.

When customers form a strong relationship with a brand, they can also be the best advocates for it. Many consumers self-identify as Starbucks aficionados or Dunkin’ drinkers. The loyalty to one chain or another can be as strong as loyalty to a sports team. If a brand strategy really resonates with consumers, those consumers will pitch that coveted product to friends and beyond. However, consumers can also use a bad experience to punish a brand or use the brand’s fame to bring attention to their own cause. For example, PETA frequently starts campaigns against well-known brands because it knows those stories are more likely to be covered by the mainstream media.

Understanding Brand Equity

All of us can identify good brands after they have succeeded. We can also identify colossal failures. But how does anyone know the difference before the marketplace reveals the answer? That is the goal of this book: to help managers build, measure, and manage strong brands.

The topics I will cover include the following:

- Since customers own the brand, it is essential to understand the underlying processes that customers use to evaluate
the brands. What implications do these psychological processes have for designing brands? What is the role of social media in creating customer-centric brands?

• Strong brands are better positioned than competitive brands. What are the mechanisms that best position a brand? How is a total brand experience built, taking into account not only the cognitive associations with brands, but also the social, behavioral, emotional, and cultural associations?

• Measurement is necessary to understand what brands mean and how they can be used to add value to a firm.
  - We will discuss the most widely used qualitative brand measurement techniques: laddering, ZMET, and ethnography.
  - We will discuss the most widely used quantitative brand measurement techniques (including measuring brand awareness, brand attitudes, brand emotions, and brand relationships and satisfaction) and the two most widely used commercial global branding measurement techniques: BrandAsset Valuator and Interbrand brand value model.

• We will explore how brands can work as a system to create value. What is a house of brands versus a branded house? What role does a brand play in corporate social responsibility strategies? How are branding strategies affected by mergers and acquisitions that require the blending of brands? How can brand extensions, co-branding, and licensing help achieve growth?

• We will look at how to ensure that brands stay relevant. What are the best ways to reposition a brand once it has lost its way? How should brands respond to brand crises?
I will combine the leading-edge knowledge that has been developed by academics and strategic brand managers over the past 25 years—including most notably what brands have learned from actual marketplace experiences—to get at the core of what makes a great brand strategy. I will also show why great brands matter. Strong brands are more than easily and globally recognizable; they are also well positioned to make a sizable return on investment. Indeed, few other marketing strategies can so dependably deliver to the bottom line.
Chapter 1

A Brand’s Role in the Four Stages of the Purchase Process

In this chapter:

• Living Stage: Awareness of a Need
• Planning Stage: Creation of Interest About Considered Brands
• Shopping Stage: Desire for the Right Branded Product
• Experiencing Stage: Purchase and Repurchase
• Stirring the Soup at Campbell

Shopping for mustard used to be such a simple experience, or so it seemed. Jar or squeeze bottle? French’s? Heinz? Or Grey Poupon? Throw in a couple of regional favorites, and that was pretty much the universe from which most mustard consumers made their selection.

Advertising had an influence on the actual choice, as did a host of other factors. Did you want the mustard that the two guys in the Rolls-Royces were sharing? Then buy Grey Poupon. Or did you want a mustard that was sure to call to mind ballparks and Fourth of July picnics? That would be French’s. But choice was limited, and sales venues were predictable.

No more. Google the phrase “best mustards,” and seriouseats.com will give you taste-test results on 39 mustards in six broad categories: best yellow, best Dijon, best deli-style and spicy brown, best honey, best full of seeds, and best “other” (including “most sinus clearing”). There are six-sided jars and organics to choose among, and store brands (Trader Joe’s and Whole Foods 365) that are more meaningful to some consumers than the traditional brands. This array of mustards, it seems, is just one mundane example of a world awash in choice.
Since time immemorial, people have been turning into customers when they’ve decided they had a need or a desire that could be satisfied by making a purchase, but today the process is no longer a simple “to buy or not to buy” decision. A strong brand has multiple opportunities along a customer’s path to purchase to influence the final selection and create ultimate loyalty. This purchase process can be quite nuanced but is characterized by four main stages: living, planning, shopping, and experiencing.

**Figure 1.1**
**Critical Stages of the Customer Purchase Process**

![Stage Diagram](#)

- **Living Stage**: Awareness of a need and brands that fill that need
- **Planning Stage**: Creation of interest about considered brands
- **Shopping Stage**: Desire for the right branded product
- **Experiencing Stage**: Purchase and repurchase

When your brand is not the one purchased, you have to figure out at what stage it fell out of consideration. Consumers may not buy your brand because they never heard of it or because they have a misguided view of it. They may reject it because it is out of stock or wrongly priced—or because your competition has a better brand message, a problem addressed in the next chapter. Complicating matters further, any one of these stages can occur either online, offline, or on a mobile phone, and can be made alone or influenced by others in person or virtually. In addition, customers can react automatically, with little thought and attention; or they might react in a more controlled fashion, with greater cognitive elaboration and attention.

Strong brands frequently have significant advantages at every stage, but having an advantage at an early stage does
not necessarily mean the customer will end up purchasing your brand. One particularly frustrating example of this, called showrooming, has been plaguing Best Buy.

Showrooming is a process in which a customer conducts the planning or pre-purchase stage offline in a brick-and-mortar store (such as Best Buy) and then makes the purchase online at a site such as Amazon. Similarly, customers might choose to learn about the advantages and disadvantages of a branded product from a company website and then buy a knockoff somewhere else.

If a company can come to understand the psychological processes a consumer goes through during each stage of the buying decision it will help increase the likelihood that consumers will develop a long-term relationship with that brand.

**Living Stage: Awareness of a Need**

Consumers are people first, spending most of their time wrapped up in the daily details of life. The key goal for a brand, then, is to be relevant and noticed. Brands become relevant when consumers decide they have a need or desire that can be satisfied by a purchase. Sometimes this desire is triggered by a natural occurrence: Someone is hungry and decides to buy something to eat. Or the toaster breaks and has to be replaced. Sometimes the desire is triggered by the marketplace: BMW announces its newest sports car convertible, and suddenly a “need” is identified that the customer didn’t know she had. Or a new recipe is featured in the daily newspaper, creating a desire to buy the brands listed among the ingredients. Sometimes the trigger is what other people are doing. Dwyane Wade of the Miami Heat starts wearing lens-free glasses, and they become de rigueur for a night out on South Beach. Or needs can be triggered by a change in life status: People get married, they move, children are born, and all sorts of purchases must be made.
Brands themselves can trigger a need

Even when life’s circumstances don’t initiate the purchase process, brands themselves can trigger it. Apple has been very successful in associating its brand with innovations that create needs that consumers did not know they had. Before the iPad existed, most people did not know their lives were incomplete without an e-tablet, let alone an iPad 3. FedEx created the need for the overnight delivery of letters and important documents before lawyers and accountants even anticipated the urgency.

Brands can also spark desires through product-line extensions. Snapple and Ben & Jerry’s ice cream came up with exotic flavors that encouraged consumers to seek variety in their choices, which frequently led to higher consumption. Hill’s Science Diet pet food similarly created the need for diet and healthy food for dogs and cats. Brands can create desires through advertising in traditional media or via online reminders, emails, and flash sales sites such as Gilt.com, RueLaLa.com, and Fab.com. Even if the brands themselves don’t spark the need, they can be in the right place at the right time when the need pops up. AT&T promotes services through listing its phone number in free mover guides distributed by the US Postal Service.

Strong global brands have high awareness

Once the need or desire for a product or service is established through either natural events or marketing activity, brands must capture the customer’s attention in order to be considered. Here, strong global brands hold a critical advantage—they are already in the consumers’ consideration set, which usually consists of only three to four brands for a specific product class. Strong brands also come to mind quickly. They have multiple connections in consumers’ memories, and this gives them a memory-encoding advantage. The more links a brand has, the easier that brand is to recall when a need occurs. Weak brands
can be stored under a general product category, and thus are recalled as products (e.g., basketball shoes) rather than as a brand (e.g., Nike or Adidas).

For obvious reasons, brands strive to be top of mind at the right time and the right place, but how does a brand create high awareness? In fact, it can be a bit tautological. Strong brands have large market share and extensive distribution, and this creates high top-of-mind awareness. High top-of-mind awareness allows for easy recall in many different circumstances, encouraging consideration and purchase, and further strengthening the brand.

For newcomers, high brand awareness can be built through advertising, word-of-mouth or viral strategies, or public relations campaigns (or stunts!), but even the best advertising strategies are ineffective if consumers do not pay attention. The message has to cut through the clutter.

**Brands must grab customers’ attention**

Focusing attention—the processing activity that a consumer devotes to a particular stimulus—can come about in two ways: voluntarily and involuntarily.

Voluntary attention refers to when a consumer is actively taking in information about the brand—but this creates several hurdles. First, voluntary attention is shaped by a consumer’s perspective. The consumer pays attention only to stimuli to which he has been exposed. If consumers don’t visit your web page or go to the store where your brand is distributed, they will not see your brand. If the consumer is shopping only within a specific price range, and your brand does not fall into that range, again, the consumer will not notice your brand. Thus, even if consumers are willing to pay attention to information about your brand, they have to be exposed to it. And exposure is biased by preconceived perceptions and expectations. This again points to the catch-22 advantage that strong brands enjoy—they are often the only brands consumers notice.
The second problem with voluntary attention is that even if consumers have the opportunity to process information about your brand, they must have the incentive and capacity to do so. How do you increase the likelihood that they will process information about your brand? Make the message enjoyable, funny, surprising, and aesthetically pleasing. Put the information in the right place at the right time. Enlist your consumers’ friends to carry the message for you. This is the appeal and potential of social media sites such as Facebook and Pinterest. If friends like or pin your brand, potential consumers will more likely be motivated and will have the opportunity to pay attention to your message.

Involuntary attention refers to when a consumer’s attention is grabbed by something he didn’t anticipate even noticing, such as loud noises, novel images, or unexpected copy. Factors that contrast (rather than assimilate) in size, color, position, and distinctiveness tend to be more effective. Humor also works. Consumers have a natural need for closure, so incomplete figures and images can attract attention. Attention can wane, however, as consumers adapt to the stimuli. Food that is at first exciting and interesting often grows mundane with repeated exposure. Similarly, marketing stimuli have to be kept fresh, or consumers will adapt and not actively notice them anymore.

One easy way to grab attention is through sexual antics. “Sex sells” is an adage even grade-school students know. But nudity and sex can backfire and cause no end of trouble. Famously, Calvin Klein used underage sexy female models to sell jeans, and although the advertising definitely got attention, it drew massive criticism, forcing the company to withdraw the ads. Abercrombie & Fitch increased visitors to its stores by featuring sexy models in catalogs and in stores, but some of this advertising also went too far, again causing a backlash.

Recently, online retailer Zappos has been featuring naked models (with strategically placed censor bars) engaging in
routine outdoor activities such as jogging or riding a scooter. The ads, with the tagline “To help you break a sweat without breaking the law,” are designed to call attention to Zappos’s new focus on clothing. The campaign, which includes digital advertising as well as print with QR codes, features the shapes and curves of many different body types. If the consumer clicks on the QR code, he is taken to the Zappos mobile site, where he can watch videos or select outfits for the model to wear. Of course, if so inclined, he can also buy the items using his smartphone.

Planning Stage: Creation of Interest About Considered Brands

As difficult as it is to draw attention for your brand, it is even harder to get someone to seriously consider purchasing it. At a local supermarket, I once counted more than 50 soft drink brands on the shelf. That an average consumer could name perhaps 12 of them without looking at the shelf illustrates the shrinkage that occurs from poor brand awareness. But even among those dozen, the average shopper will consider purchasing at most three or four. Which three or four are considered (out of the original 50) is a matter of managing the information that consumers receive about your brand over time. How does the consumer filter your brand messaging? How much searching is she willing to do? How is this information processed and through what lens? Finally, what is the ability of your brand to be remembered clearly, positively, and uniquely?

Attention is not enough; people have to “get it.” A brand needs attention to have power, but that is only a start. Consumers must both notice the brand and understand its messaging. If consumers are faced with too much information, they will likely block all of it out. Additionally, consumers must have the ability to process the information. That will happen only if the
information is simple enough to understand and if consumers have enough time to process it. JCPenney recently tried to rebrand its stores with a new “fair and square” pricing strategy. Consumers did pay attention, but they didn’t understand what the new strategy was, and same-store sales fell nearly 20%.

A more successful way of sparking interest is to recast the product. To return to a brand mentioned at the start of this chapter, French’s mustard, made by Reckitt Benckiser, has been seen as a tasty topping for hot dogs, hamburgers, and sandwiches for more than a hundred years. But French’s wanted to find new uses and new users, so it recast its mustard as a spicy ingredient in gourmet recipes. An advertising campaign featured French’s mustard as the key ingredient in a salmon entrée served with a glass of wine. The image changes not only the interest in the brand, from a condiment to an ingredient, but also the context, from ballpark to elegant dinner party. The campaign has been supplemented with a Facebook page that each day highlights new recipes calling for mustard.

Customers’ memory for brands is shaped by expectations

Whether consumers will consider your brand (if they have not considered it before) is a function of whether they are willing to search for information. In general, the amount of search is a function of an intuitive cost-benefit analysis. If a perceived benefit exists for taking the time and trouble to search for information, consumers will; if not, they “satisfice”—or stop at “good enough.”

In frequently purchased categories such as toothpaste, toilet tissue, or dishwashing liquid—especially where the cost of a wrong choice is small—consumers frequently do not search much at all. Instead they rely on preconceived expectations of the category and of the brands they know. If circumstances change, perhaps due to stock-outs or price changes, consumers may be willing to search more. When something enters the
market, either a brand or a feature, consumers may then be willing to search. In less frequently purchased categories, where preconceived expectations do not exist, consumers will generally search more extensively before making a purchase.

In any event, this newly collected information will not be interpreted in a vacuum but rather alongside existing expectations. Information that is different from what a consumer expects is more diagnostic, and negative information is more salient than positive information. Consumers tend to recall very salient attributes, rather than making nuanced judgments. That said, consumers are not looking for disconfirming evidence; they are instead subject to what is known as confirmation bias. They take in information that supports or confirms what they already think they know, and tend to ignore or reject information that runs counter to preconceived ideas. This makes it difficult for brand managers to change preconceived ideas.

But there is good news for brands that in the past might not have been able to penetrate consumer apathy or negativity: People will respond to the opinions of their friends and other personal influencers. Today, social media outlets such as Facebook and Twitter provide a forum for friends to weigh in. Through online relationships, current loyal customers can possibly persuade new customers to jump on the brandwagon.

**Brand schemas are sets of brand associations in memory**

Every brand, weak or strong, has an identifiable set of associations stored in a consumer’s long-term memory. This brand schema is a knowledge structure, or a network of thoughts and memories associated with the brand. Information such as the brand name and characteristics, evaluative reaction to the brand, and its marketing is stored in nodes connected by associative links. Strong brands have better developed consumer knowledge structures than weak ones.
This knowledge structure in memory is also called a semantic associative network, or words about the brand that are linked in memory. When something activates one node in the network, an impulse spreads and activates other nodes. Some of the links are strong because they have been well rehearsed; others are weaker. The level of abstraction varies as well. Some links are concrete (such as functional or performance attributes), others are more abstract (such as personality traits or experiential values). Some of the links are more unique to the brand; others, more common to the product category. Links might be positive, negative, autobiographical, or just neutral. The complete associative network, or schema, is the total package of links that are brought to mind when a brand is evoked and represents the full set of expectations a person has about that brand.

For example, a schema for the brand McDonald’s might include yellow arches, Ronald McDonald, hamburgers, fast food, french fries, family, and the place I go to after school. Each of these associations may trigger another set of associations that are further away from the brand’s core meaning. For example, the family as an association might be linked to other family-friendly activities. One can think of these brand schemas almost as streams of consciousness that start with the brand as the anchor. These schemas are often drawn as diagrams, with the brand at the center and the associations as networked links attached to it, with the stronger links closer to the brand and the weaker links farther from the center.

When new information is collected about a brand, it is evaluated through this existing brand schema. If the new information is congruent with the schema, it is usually accepted, and the brand schema, or image, is further developed. But if the new information is incongruent with the existing brand schema, it is likely to be rejected. These schemas are thus critical
for a brand manager to understand because, in essence, they suggest exactly what the consumer is willing to accept about the brand. As we’ll see in chapter 5, brand schemas also form the foundation for just how far the brand can be stretched to allow for new growth. For example, as suggested by the schema just mentioned, consumers might have trouble associating healthy snacks with McDonald’s even if, in fact, its menu items can be shown to be more nutritious than some alternatives. This is a thorny problem that McDonald’s has had to face as it tried to respond to public scrutiny about the health aspects of its food.

**Strong brands have clear images**

Strong brands have better-developed consumer knowledge structures, and the links are uniquely associated with the brand. Google, Coca-Cola, Macy’s, Visa, and Ikea are all clearly differentiated bands, and consumers have extensive experience with them. For weaker brands, the associations may be stored under the product category and not with the specific brand. Think American Airlines, *TV Guide*, or Kleenex. All three have lost their clear brand structure and are now associated more generically with the product category.

Whatever mix of promotional vehicles is employed, to keep a brand strong, the image must be consistent at every consumer touch point. The image can be functional or performance related, or abstract and metaphoric. Finally, strong brands clearly and easily present themselves to consumers with no contradictory, confusing, or excessive information.

**Shopping Stage: Desire for the Right Branded Product**

When consumers are deciding which brand to ultimately choose, they frequently make price-quality inferences: Is the price I am paying worth the quality I am getting? These types of trade-
offs are very difficult, even for an experienced shopper. Further, customers’ preferences are not fixed and are often constructed on the fly as a function of the choice context. Even if consumers can accurately judge their own tastes in the moment, they may have difficulty forecasting future preferences if, as is often the case, the purchase and consumption are not simultaneous.

When consumers lack the time or expertise to analyze the trade-offs in detail, they tend to fall back on a peripheral cue, or they rely on heuristics or decision shortcuts. In these situations, brands that have very strong images and that inspire confidence and credibility often become the default selection. Rather than carefully inspecting the garment and looking at the craftsmanship, consumers may judge it holistically and decide that the luxury brand, say Burberry or Louis Vuitton, ensures high quality. This process is especially operant when quality is ambiguous or when the choice seems risky. Insurance companies and banks spend a lot of money marketing their brands for this reason. Furthermore, if a customer feels accountable for his or her choice, a strong brand name can help justify the decision.

*Emotional reactions to brands*

Consumers may also choose a brand from a consideration set if they feel strong emotions toward it, even if they cannot rationally justify these emotions. Strong brands generate feelings of warmth, fun, or excitement, along with feelings of security and social approval. We know that emotional ties to brands are especially compelling in predicting choice. That’s why so much consumer advertising, whether in traditional media or in social media venues, is generated to produce powerful emotional reactions to a brand.

Ownership of strong brands can also confer status. This is particularly the case in the world’s largest emergent market, China. The need there to show status traces back to the Cultural
Revolution of the 1960s and ’70s, when Mao suits produced coherence through sameness but hierarchy through detail. One could instantly identify someone’s place in the hierarchy by the number of pockets (four, two, or none) on his Mao suit. Similarly, carrying a luxury Louis Vuitton purse now indicates one’s place in a status hierarchy. China is already the second-largest luxury market in the world, after Japan, and is expected to claim the top spot by 2020.

**The critical role of trust**

In addition to reacting emotionally to brands, consumers typically need to trust a brand in order to buy one of its products. A recent study by BAV Consulting, a group that is running one of the largest studies of brands in the world and is a unit of the WPP Group, has found that trust has become even more important since the 2008 global recession. At the turn of the present century, surveys showed that people trusted almost half of all brands. By 2009, that number had been nearly halved, from 49% to 25%. Bank, insurance, and financial services brands have been particularly hard hit, but trust has declined across all industries. Prior to 2008, trust was one of the most important, but also one of the least differentiating, of the 48 BAV imagery attributes. With the decline in trust overall, in the words of BAV, trust is now “the new black,” the great differentiator.

The BAV data also show that one of the main drivers of the trustworthiness of brands since 2009 is recommendation from customers. Traditional broadcast messaging that emanates from the brand is far less effective at establishing trust than an endorsement from a social media friend. Putting a Facebook tag on your message indicates that you are willing to have others in the social media world discuss your brand and message, and this conveys implicit transparency and inspires a social contract. Thus, the Facebook or Twitter tag becomes a badge that appears to both ensure and symbolize trust.
Presumably, a dishonest brand could not stand up to scrutiny in the social media world. As with everything in the branding universe, trust also must continue to be earned. There is evidence in the BAV database that the increasing arrogance, if continued unbridled, of the Apple, Facebook, and Google brands could threaten their ultimate trustworthiness. Companies should not be focusing on the specific social media brands of the moment, but rather on the role of recommendations and social influence as predictor of trust in the brand. In BAV terms, companies should think of “social as a business model.”

Experiencing Stage: Purchase and Repurchase

Strong brands are the ones that consumers remain loyal to over time, and the strongest are those that customers form a relationship with and become advocates for. Apple is such a brand. Its customers not only exhibit fierce, almost religious loyalty, but also feel the need to convert others. Consumers who have strong relationships with brands are willing to participate in chat room discussions and engage in Facebook or Twitter activities with their brands. In the next chapter, we talk about how a company can help create these strong relationships by delivering a differentiating brand experience. Here we focus on the customer’s point of view.

Customers’ relationships with brands

Relationships with brands go well beyond purchase or repurchase transactions. From the customer’s point of view, the pre-consumption, consumption, and post-consumption occasions matter as well. Relationships with brands, like personal relationships, are built over time through a series of positive experiences. Here, more is not necessarily better; what counts are meaningful interactions.
When consumers become completely involved with a brand, they may form what is called a brand community. As researchers at the University of Illinois, Thomas O’Guinn and Albert Muñiz identified three defining factors of such communities: a shared consciousness of kind, the presence of shared rituals and traditions, and a shared sense of moral responsibility. For a model, look at Harley-Davidson. It reaps many benefits from grassroots activities that are dedicated to a perceived lifestyle based on its brand.

Fundamental to this kind of loyalty is the idea that customers buy into the brand’s authentic philosophy and values. Brands with a higher purpose to their mission engender customer commitment. Consider Warby Parker, the online eyeglass company that gives away a pair of glasses for every pair it sells.

Another way to increase brand stickiness is through gamification. Interesting games around a brand can create topics of conversation, social currency, and brand affinity. For example, Green Giant, a food company owned by General Mills, teamed up with FarmVille (a Zynga online game) to capitalize on consumers’ manic attachment to the game. Special labels on Green Giant Fresh products come with stickers allowing consumers to receive free Farm Cash. Tabasco created a game for Facebook called Pass the Tabasco, in which customers earn points by uploading their videos showing how they use Tabasco on food.

The ubiquity of mobile technology and online interaction provides countless mechanisms for customers to engage with the brand and to socialize around it. And this counts for a lot: Engaged consumers exhibit greater loyalty, connection, emotional resonance, and trust. To this end, brands should respond to comments or complaints that are aired in public or on social media forums.
Southwest Airlines has several full-time employees dedicated to monitoring online and social media activity about its brand, and uses some outside partners as well. Although numbers change quickly, at one point the airline had 12 million monthly visitors to its web page, 1 million Twitter followers, and 1.3 million Facebook “likes.” Southwest tries to provide meaningful content to travel bloggers, avid travelers, and brand fanatics, and encourages employees to contribute content as well. The airline also strives to personalize the interactions and to respond to as many customers as possible, especially when a customer has a problem or a question. All this activity builds a personal bond between Southwest and its loyal fliers.

Customer relationship management strategies that result in continuous, relevant, and personalized communications between the brand and the customer improve customer retention and profitability, build loyalty, and increase share of wallet. Targeting the right customer with the right offer at the right time through the right channel (which requires significant data analyses capabilities) both increases ROI and strengthens brand equity. As we will discuss in chapter 5, this increased brand equity can then be a platform for significant growth.

*Credit or blame after the purchase*

Studies have shown that most customers do not complain after purchasing a product. For those who do complain, however, 95% are placated by a satisfactory response and ultimately repurchase the brand. Even when the response is unsatisfactory, 30% repurchase, as long as the firm doesn’t ignore the complaint. The speed of response also makes a difference. Quickly resolving the problem, especially if it is a minor problem, results in strong loyalty in the future. The moral: Even if you don’t have a comforting response, be quick to acknowledge the customer’s problem.
Stirring the Soup at Campbell

Campbell Soup Company, a manufacturer and marketer of branded convenience food products with almost $7.7 billion in net sales, has operations in multiple nations around the world. Campbell features products that focus on simple meals, baked snacks, and healthy beverages. Its best-known brands are the ones for which the company is named, the ones that Andy Warhol immortalized with his famous painting of a Campbell’s tomato soup can. But even historic, iconic brands can lose consumers’ affection and fall out of favor. To stay relevant and contemporary, Campbell recognized that it had to reinsert its brand meaningfully in consumers’ lives. Using a strategy based on the staged decision process described earlier, Campbell rebuilt brand equity by reaching out to consumers both at home and in the store.

Targeting the living stage of the purchase process, Campbell recognized that homemakers are creatures of habit and that most households have a repertoire of 11–15 menus they continuously cycle through. Campbell had a clear interest in bringing new customers to its brand, so it looked for ways to get homemakers first to consider cooking something different, and then to consider specific new recipes that included Campbell products as ingredients.

Company executives learned that their message needed to feed into the consumer’s mind-set, yet that mind-set could change depending on a consumer’s location. When consumers plan a new meal at home, they are likely to have lofty goals, such as to make something healthy. But when they consider a new meal while in the store, they are more likely to focus on sensory aspects or price. Further complicating the appropriate messaging strategy was the realization that ideas for meals could come to mind at random times, not necessarily in the store or in the kitchen. To influence consumers at these pivotal moments,
Campbell used the Internet and email to reach the consumer outside the store and made connections through cell phones to reach the consumer within the store.

Creating the need for a new recipe, and specifically one that included soups, was only part of the battle; the company also had to make sure consumers considered its brand. While many homemakers had heard of Campbell and its brand of soups, they weren’t inspired to choose what they saw as a tired and old-fashioned option, something a stay-at-home mother might serve to her family when they were sick. The lasting impression was that the Campbell brand was stuck in the past, a product more suited to flu season than to nouvelle cuisine.

Further, Campbell’s soup was seen as artificial and processed, like airline food. Obviously, these were not images that Campbell relished. Campbell upgraded the product experience and embarked on an ambitious advertising and repackaging campaign to reposition the product as delicious food for young and healthy people.

As will be discussed in chapter 6, for a repositioning strategy to be effective, the consumer has to notice the transformation and believe it. To get over that hurdle, Campbell relied on extensive market research, using both qualitative and quantitative methods to determine how the company could work within its iconic packaging and brand impressions to update the imagery and make it more positive.

All this helped bring customers into the store—for the shopping stage—but here still more problems arose. The company’s studies showed that consumers thought soup was the second most difficult category to shop in the grocery store. Campbell accepted the challenge. The company studied consumers’ reactions using biometric techniques, and redesigned its shelf displays to make the category easier to comprehend, even with a very quick scan. After the redesign,
94% of shoppers indicated that the section was now “easy to shop,” with 86% checking the top box on the ratings scale.

Even with a less intimidating aisle, typically only about 50% of shoppers walk down the soup aisle. And of those who do walk down the aisle, only 50% or so make a purchase, and of course that purchase is not always Campbell’s. Making your brand stand out in a supermarket aisle where shoppers are whizzing by without paying attention to most of the visual stimuli is not an easy feat. Even if shoppers are paying attention to the aisle, they do not always see what you want them to see.

Yet another complication is that many shoppers are stressed or frustrated, which makes the whole process negative. To bring more of the positive emotions back into the in-store experience, Campbell mapped facial expressions and used eye tracking to learn how shoppers actually scan a soup shelf. Through that, the company learned that shoppers are more likely to feel positive emotions when they discover something appealing or surprising on the shelf. Synthesizing all this information, Campbell implemented a radical redesign of its soup displays in the supermarket.

The jury is still out as to how successful the whole strategy will be at encouraging consumers to use more soup. Initial tests are positive. More consumers are looking for soup ingredients, the reactions to the branding campaign are more positive and emotional, and the new store displays are receiving positive reactions from the trade. Even without a final success-or-failure tally, Campbell has learned that building a relationship with consumers requires understanding the whole customer decision-making process.

The ultimate goal of a brand is to manage customer satisfaction over time. A strong, clear brand image can create expectations that will help consumers make the right decisions and establish ongoing trust. Strong brand positioning provides a
reason in and of itself for the brand to be chosen. Post-purchase, brands that respond quickly to glitches and provide ongoing value for future purchases reinforce the quality of the initial decision and build solid brand-customer relationships for the future. This in turn inspires brand referral and evangelism that can establish an authentic brand community. That’s Campbell’s ultimate brand goal.

In the next chapter, I explore the fundamental principle of branding: creating a unique, experiential brand positioning. This is the brand’s DNA and what differentiates it from any other brand. A strong global brand is one that has correctly positioned itself relative to its competition and for its core customer segment.
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