

## Study Questions

- 1) Explain brand equity and sources of brand equity
- 2) How can you create brand awareness? What are the benefits of creating brand awareness?
- 3) Select a brand you know well and explain what might be some important sources of its brand equity. What can you say about the strength, favorability, and uniqueness of its associations?
- 4) What is brand resonance? How can brands create resonance with its customers?
- 5) Can every brand create resonance with its customers? Or should they?
- 6) What do we mean by points of parity and points of difference? Why, and how could we clearly establish POP and POD?
- 7) Pick a category basically dominated by two brands. Evaluate the positioning of each brand in the category. Who are their target markets? What are their main POP and POD? Have they defined their positioning correctly? How might it be improved?
- 8) Do we need to update our positioning over time? How and why should we do that?
- 9) What are the brand elements and what criteria should we consider for choosing brand elements?
- 10) One challenge for marketers is that many of the attributes that make up their POPs or PODs are inversely related. In other words, if your brand is good at one thing, it can't be seen as also good on something else. For example, it might be hard to believe a brand is "inexpensive" and at the same time of "the highest quality". How can you manage those kind of negatively correlated attributes or benefits?
- 11) What do you understand when we say brands have richness and duality?
- 12) Why is packaging so important in branding?
- 13) How can you create effective loyalty programs?
- 14) Explain.

- Breadth and Depth of Awareness
- Product Hierarchy
- Behavioral Loyalty
- Attitudinal Attachment
- Sense of Community
- Active Engagement
- Brand Salience
- Brand Credibility
- Manufacturer Brand
- Private Brand
- Personalised Marketing
- Experiential Marketing
- Buzz Marketing
- Sense Marketing
- Feel Marketing
- Relationship Marketing
- Mass Customization
- One to One Marketing
- Permission Marketing
- After Marketing
- Dynamic Marketing

## Solutions

### 1) Explain brand equity and sources of brand equity.

#### Brand Equity:

Customers' subjective and intangible assessment of the brand, above and beyond its objectively perceived value. The intangible value associated with a product that cannot be accounted for by price or features. Nike has created many intangible benefits for their athletic products by associating them with star athletes. Children and adults want to wear Nike's products to feel some association with these star athletes (like David Beckham). It is not the physical features that drive demand for their products, but the marketing image that has been created. Buyers are willing to pay extremely high price premiums over lesser-known brands which may offer the same, or better, product quality and features.

*Müşterilerin bir markaya karşı olan bireysel değerlendirmeleridir. Bu değer fiyatla veya ürünün özelliğiyle izah edilemez. Markalar reklamlarında ünlü kişileri oynatırlar. Buradaki amaç "marketing image"ı ortaya çıkarmaktır. İnsanlar piyasada aynı kalite ve benzerleri olmasına rağmen onca parayı bayılıp o markayı alıyorsa bu "brand equity"nin göstergesidir.*

#### Source of Brand Equity

##### -Brand Awareness

Brand awareness consists of brand recognition and brand recall performance:

- **Brand recognition** is consumers' ability to confirm prior exposure to the brand when given the brand as a cue. In other words, when they go to the store, will they be able to recognize the brand as one to which they have already been exposed?

- **Brand recall** is consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. In other words, consumers' recall of Kellogg's Corn Flakes will depend on their ability to retrieve the brand when they think of the cereal category or of what they should eat for breakfast or a snack, whether at the store when making a purchase or at home when deciding what to eat.

*Brand Awareness iki bileşenden oluşur bunlar; brand recognition ve brand recall'dur. Brand recognition dediğimiz şey "marka bilinirliğidir", örnek verecek olursak yolda birini durdurup ayakkabı markalarının olduğu bir liste gösterip bunlardan bildiklerini işaretlemesini istediğimizde işaretlediği markaların bilinirliği vardır. Brand recall ise marka hatırlanabilirliğidir. mesela bir dönem margarin dendiğinde insanların aklına "Sana" adlı markanın gelmesi ya da bulaşık deterjanı denince "Mintak" adlı markanın gelmesi ya da en bilindik olan peçete dendiğinde "Selpak" adlı markanın insanların aklına gelmesi. Az önceki örneği devam ettirecek olursak aynı kişiye liste vermeden bildiğin ayakkabı markalarını say dersek bu kişinin saydığı markaların marka hatırlanabilirliği vardır tabi ki bu sadece bu kişi için geçerlidir.*

##### -Brand Image

Creating a positive brand image takes marketing programs that link strong, favorable, and unique associations to the brand in memory. Brand associations may be either brand attributes or benefits.

*Pozitif bir marka imajı, müşterileri güçlü bir şekilde markaya bağlar.*

## **2) How can you create brand awareness? What are the benefits of creating brand awareness?**

How do you create brand awareness? In the abstract, creating brand awareness means increasing the familiarity of the brand through repeated exposure, although this is generally more effective for brand recognition than for brand recall. That is, the more a consumer “experiences” the brand by seeing it, hearing it, or thinking about it, the more likely he or she is to strongly register the brand in memory.

Thus, anything that causes consumers to experience one of a brand’s element—its name, symbol, logo, character, packaging, or slogan, including advertising and promotion, sponsorship and event marketing, publicity and public relations, and outdoor advertising—can increase familiarity and awareness of that brand element. And the more elements marketers can reinforce, usually the better. For instance, in addition to its name, Intel uses the “Intel Inside” logo and its distinctive symbol as well as its famous four-note jingle in TV ads to enhance awareness.

*Marka farkındalığı nasıl oluşturulur? Kısaca özetleyecek olursak bu; markanın bilinirliğini arttırma anlamına gelir. Müşteriler bir markayı görerek, duyarak, düşünerek sürekli tecrübe etmelidir ki bu marka hafızalarına iyice kazınsın. İşte bu yüzden müşterinin bir marka öğesini; bu markanın adı olur, sembolü olur, logosu olur paket dizaynı olur, tecrübe etmesi bu marka öğesinin bilinirliğini ve farkındalığını arttırır.*

On the other hand brand awareness; (benefits)

- increases customer loyalty
- decreases customer acquisition(edinme) costs
- increase word of mouth marketing
- keeping your brand top of mind
- building your brand equity
- increase sales

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## **3) Select a brand you know well and explain what might be some important sources of its brand equity. What can you say about the strength, favorability, and uniqueness of its associations?**

### **Sources of brand equity:**

Customer based brand equity occurs when the consumer has high level of awareness and familiarity with the brand and holds some strong, favorable and unique brand associations in memory.

Sources of brand equity;

**Brand awareness:** Brand awareness consists of brand recognition which relates to consumers ability to confirm prior exposure to the brand when given the brand as a cue and brand recall relates to consumers ability to retrieve the brand from memory when

given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue.

**Strength of brand association:** Two factors facilitating the strength of association to any piece of information are the personal relevance of the information and the consistency with which this information is presented over time. They are brand attributes and brand benefits

*Bireyin bir markaya karşı olan ilgisi ve belli bir zaman içerisinde gösterilen bu ilginin sürekli olması ilişkinin kuvvetini gösterir.*

**Favorability of Brand:** Favorable brand association for a brand is those associations that are desirable to consumers and are successfully delivered by the product and conveyed by the supporting marketing program for the brand.

*Markanın müşterileri kendine çekmesi ve bu çekiciliğin ürünle birlikte de sunulması*

**Uniqueness of brand Association:** In many categories, non product-related attributes, such as user type or usage situation, may more easily create unique association.

*Markanın müşteriye sağladığı ürünün eşsiz olması*

#### **4) What is brand resonance? How can brands create resonance with its customers?**

##### **Brand resonance:**

**Brand resonance** describes the nature of this relationship and the extent to which customers feel that they are "in sync" with the brand. Examples of brands with historically high resonance include Harley-Davidson, Apple, and eBay. Resonance is characterized in terms of *intensity*, or the depth of the psychological bond that customers have with the brand, as well as the level of *activity* engendered by this loyalty (repeat purchase rates and the extent to which customers seek out brand information, events, and other loyal customers). We can break down these two dimensions of brand resonance into four categories:

*Müşterilerin markaya olan bağlarının derinliği, yoğunluğu*

##### **1. Behavioral loyalty**

*Müşterinin ne sıklıkla markayı tercih ettiği, markaya sadık olması*

##### **2. Attitudinal attachment**

Customers with a great deal of attitudinal attachment to a brand may state that they "love" the brand, describe it as one of their favorite possessions, or view it as a "little pleasure" that they look forward to

*Tutumsal bağlılık*

##### **3. Sense of community**

Stronger sense of community among loyal users can engender favorable brand attitudes and intentions.

*Müşterilerin aynı markayı kullanan diğer müşterilerle yakınlık hissetmesi, bu markanın "favorable" olmasını sağlar.*

##### **4. Active engagement**

The strongest affirmation of brand loyalty occurs when customers are **engaged**, or willing to invest time, energy, money, or other resources in the brand beyond those expended during purchase or consumption of the brand.

**Summary.** In short, brand resonance and the relationships consumers have with brands have two dimensions: **intensity** and **activity**. Intensity measures the strength of the attitudinal attachment and sense of community. Activity tells us how frequently the consumer buys and uses the brand, as well as engages in other activities not related to purchase and consumption.

## **5) Can every brand create resonance with its customers? Or should they?** (Bu sorunun iki farklı cevabı var, seçiminize kalmış)

1-Not every brand can achieve resonance, because it requires a strong personal and psychological attachment to the brand. A brand that customers buy out of necessity, based on price or availability, is not likely to create resonance with those customers. For example, "price loyalty" is not the same as behavioral loyalty, because as soon as a lower-priced brand enters the market, price loyal customers will probably switch. The four components of brand resonance (behavioral loyalty, attitudinal attachment, sense of community, and active engagement) could be discussed here.

2-Brand resonance is very important thing for a particular brand. But every brand cannot achieve resonance with its customer. It includes brand loyalty, attachment with the brand, community of a particular brand user and engagement with the brand. In spite of having quality product marketer cannot achieve resonance with its customer because of inefficient marketing activities. Several reasons can be brought under consideration that not to achieve resonance with its customer. These are as follows –

- *Price* – If the company charges a premium price for its product without having favorable benefits and attributes.
- *Fails to meet customer needs* – If the company fails to provide sufficient features that might satisfy the customer's needs. When customers get their perceived benefits from the product it results to be loyal to the product.
- *Unavailability* – The unavailability of product may results to less loyal to the product. It is a barrier to achieve brand resonance.
- *Adding value to the product* – By adding value to the product customer bound to think the brand is more than a product. This helps the marketer to build attachment to the brand. But often marketer fails to do this because of insufficient know-how about the value that suit with the product.
- *Imperfect brand association* – Strong and perfect brand association helps to create brand resonance with its customer. If the customer fails

to link their gathered information to its association may result in insufficient brand knowledge.

- *Scarce source of information* – An important condition to achieve brand resonance is engagement with the brand. Scarce information about the brand or product may not allow for engagement with the brand.

## **6) What do we mean by points of parity and points of difference? Why, and how could we clearly establish POP and POD?**

**Points of Parity:** are not necessarily unique to the brand but may in fact be shared with other brands.

**Points of Difference:** are formally defined as attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe that they could not find to the same extent with a competitive brand.

## **7) Pick a category basically dominated by two brands. Evaluate the positioning of each brand in the category. Who are their target markets? What are their main POP and POD? Have they defined their positioning correctly? How might it be improved?**

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**Product category:** Smartphone operating systems

**2 Main Brands:** Apple iOS5 and Google Android

### **1. Who are the target markets?**

- **iOS5:** 20-something to middle aged, students, urban lifestyle, working professionals, hip and arty, those who "Think Different", higher levels of disposable income (mid to upper income bracket), high brand loyalty
- **Android:** late teens to pre-middle aged (~late thirties), more scientific than arty, value "open" systems (i.e. you can customize the Android operating system/see and change the source code, etc.), anti-Apple consumers, appreciate customizability

### **2. What are their main POP and POD?**

**POP:**

- Smartphone operating systems
- Advanced user interface; multitouch screens
- Numerous Apps available
- Wireless online connectivity

- Doubles as a high-quality camera

#### **POD – iOS5:**

- Buying the “complete package” -> everything is made by Apple, from the phone to the operating system
- Simple to use and very powerful
- Largest App store out of any mobile phone operating system
- Effortless compatibility with your Mac computer, iPad, iCloud
- Apple product — only available on the iPhone
- Limited distribution

#### **POD – Android:**

- Available on a wide number of mobile phones (Motorola, LG, HTC, Samsung, etc.) -> higher hardware selection depending on existing brand loyalty
- Customizable/“open” software
- Made by Google
- Android mascot

### **3. Have they defined their positioning correctly?**

- **iOS5:** Yes! Apple has done a fantastic job effectively establishing its positioning in the smartphone market. Being the pioneer of multi-touch displays and highly interactive smartphones, starting with the original iPhone, Apple has paved the way in this market. Today it still stays on top of innovation and has a highly loyal consumer base. Considering its been the first in so many realms (first Graphic User Interface on a computer, first multi-touch smartphone, first highly effective portable MP3 player, etc.), its innovation and first-mover advantage has helped to strengthen this brand. The clean and simple Apple brand is reflected in its iOS5 —
- **Android:** Google has only recently branched out from its original claim to fame (search engine) into various other markets. It is a very strong competitor in the smartphone market. They have positioned their software as more playful, fun, and customizable. This is largely reflected in the green alien used as their logo. Their positioning seems quite versatile in terms of its target market — however, I wouldn’t imagine a business professional would be as quick to adapt to an Android smartphone as they would to Apple’s iOS5 or a BlackBerry. I think their positioning is “correctly” defined, as, prior to Android, there was no real versatile, in-between BlackBerry and iPhone Smartphone operating system. Android has the added benefit of being partners with many different mobile phone companies (as mentioned above), so consumers aren’t restricted to pick a Smartphone based solely on its operating system.

### **4. How might it be improved?**

- **iOS5:** Apple should stick to what it has been doing. I think that some more forward-thinking innovation is required, as more and more smartphones and smartphone operating systems are innovating quite quickly. Many argue that Apple should open its software so people can change it (as you can with Android), but I think they should stick to what they’ve been doing. Steve Jobs had said that

its closed software because it's already "perfect". While I may not agree with it being the epitome of perfect, I would say that having closed software is not a bad thing — clearly, as Apple is doing quite well!

- **Android:** Google should consider strengthening their positioning and target market. It was difficult to come up with a target market for Android as it seems to be quite versatile. Perhaps this strategy works for it, but by more clearly defining and targeting a specific market (or set of markets), they will be able to better market their product.

## 8) Do we need to update our positioning over time? How and why should we do that?

With an established brand, an important question is how often to update its positioning. As a general rule, positioning should be fundamentally changed very infrequently, and only when circumstances significantly reduce the effectiveness of existing POPs and PODs. Positioning, however, will evolve over time to better reflect market opportunities or challenges. A point-of-difference or point-of-parity may be refined, added, or dropped as situations dictate.

*Positioning seyrek olarak ve POP ve POD'ların etkileyciliğinin azaldığı durumlarda değiştirilmelidir.*

## 9) What are the brand elements and what criteria should we consider for choosing brand elements?

**Brand elements**, sometimes called brand identities, are those trademarkable devices that serve to identify and differentiate the brand. The main ones are brand names, URLs, logos, symbols, characters, spokespeople, slogans, jingles, packages, and signage.

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### Criteria For Choosing Brand Elements

1. **Memorable**  
Easily recognized  
Easily recalled
2. **Meaningful**  
Descriptive  
Persuasive
3. **Likable**  
Fun and interesting  
Rich visual and verbal imagery  
Aesthetically pleasing
4. **Transferable**  
Within and across product categories  
Across geographic boundaries and cultures
5. **Adaptable**  
Flexible  
Updatable
6. **Protectable**  
Legally  
Competitively

**10) One challenge for marketers is that many of the attributes that make up their POPs or PODs are inversely related. In other words, if your brand is good at one thing, it can't be seen as also good on something else. For example, it might be hard to believe a brand is "inexpensive" and at the same time of "the highest quality". How can you manage those kind of negatively correlated attributes or benefits?**

Developing an effective position goes beyond determining the frame of reference, points of parity, and points of difference. It also requires that these elements be internally consistent at any point in time and over time.

Ensuring that attributes don't contradict one another is particularly important. From a consumer's perspective, the fact that a brand possesses a given benefit can imply that it will not possess another benefit. For example, it might be difficult to position a brand as "inexpensive" and at the same time assert that it is "of the highest quality." Brands that are positioned as nutritious and good tasting, powerful and safe, ubiquitous and exclusive, varied and simple include negatively correlated benefits.

But, as the success of Miller Lite—"great taste, less filling"—shows, apparent contradictions can be transcended. There are three good ways to go about it. First, sequencing. Establish a brand's "great taste" before you move on to "less filling." In most instances, consumers are unlikely to devote the resources necessary to process multiple brand attributes and benefits at one time anyway. A second approach is to leverage some other, unconnected attribute. Miller Lite addressed the negative correlation between great taste and low calories by presenting well-known and well-liked celebrities to lend credibility to the taste benefit. And it's sometimes possible to make the case that contradictions are, in fact, complements. When Apple Computer launched Macintosh, its key point of difference was that it was "user friendly." But customers assumed that an easy-to-use personal computer could not be very powerful, and power was a key determinant of choice. Apple addressed the potential problem by developing an advertising campaign that stated, "The most powerful computers are ones that people actually use."

**11) What do you understand when we say brands have richness and duality?**

***Brands Should Have a Duality.*** One important point reinforced<sup>(desteklemek)</sup> by the model is that a strong brand has a duality<sup>(ikilik)</sup>—it appeals to both the head and the heart. Thus, although there may be two different ways to build loyalty and resonance—going up the left-hand and right-hand sides of the pyramid—strong brands often do both. *Strong brands blend<sup>(harmanlamak)</sup> product performance and imagery to create a rich, varied, but complementary set of consumer responses to the brand.* By appealing to both rational and emotional concerns, a strong brand provides consumers with multiple access points while reducing competitive vulnerability<sup>(saldırı)</sup>. Rational concerns can satisfy utilitarian<sup>(faydacı)</sup> needs, whereas emotional concerns can satisfy psychological or emotional needs. Combining the two allows brands to create a formidable<sup>(müthiş)</sup> brand position. Consistent with this reasoning, a McKinsey study of 51 corporate brands found that having distinctive physical *and* emotional benefits drove greater shareholder value, especially when the two were linked.

**Brands Should Have Richness.** The level of detail in the brand resonance model highlights the number of possible ways to create meaning with consumers and the range of possible avenues (yol) to elicit (ortaya çıkarmak) consumer responses. Collectively, these various aspects of brand meaning and the resulting responses produce strong consumer bonds to the brand. The various associations making up the brand image may be reinforcing (güçlendirmek), helping strengthen or increase the favorability of other brand associations, or they may be unique, helping add distinctiveness or offset (dengelemek) some potential deficiencies (eksiklik). Strong brands thus have both breadth (in terms of duality) and depth (in terms of richness).

*At the same time, brands should not necessarily be expected to score highly on all the various dimensions and categories making up each core brand value.* Building blocks can have hierarchies in their own right. For example, with respect to brand awareness, typically marketers should first establish category identification in some way before considering strategies to expand brand breadth via needs satisfied or benefits offered. With brand performance, they may wish to first link primary characteristics and related features before attempting to link additional, more peripheral (çevresel) associations. Similarly, brand imagery often begins with a fairly concrete initial articulation (temiz ifade) of user and usage imagery that, over time, leads to broader, more abstract (soyut) brand associations of personality, value, history, heritage, and experience. Brand judgments usually begin with positive quality and credibility perceptions that can lead to brand consideration and then perhaps ultimately to assessments of brand superiority. Brand feelings usually start with either experiential ones (warmth, fun, and excitement) or inward ones (security, social approval, and self-respect.) Finally, resonance again has a clear ordering, whereby behavioral loyalty is a starting point, but attitudinal attachment or a sense of community is almost always needed for active engagement to occur.

## 12) Why is packaging so important in branding?

**Packaging** is the activities of designing and producing containers or wrappers for a product. From the perspective of both the firm and consumers, packaging must achieve a number of objectives:

- Identify the brand.
- Convey descriptive and persuasive information.
- Facilitate product transportation and protection.
- Assist in at-home storage.
- Aid product consumption.

**Benefits.** Often, one of the strongest associations consumers have with a brand is inspired by the look of its packaging. For example, if you ask the average consumer what comes to mind when he or she thinks of Heineken beer, a common response is a "green bottle." The package can become an important means of brand recognition and convey or imply information to build or reinforce valuable brand associations. Molson's beer sales increased by 40 percent in the United States after the company modified the bottle's back labels to include cheeky "ice-breakers" for bar patrons such as "On the Rebound," "Sure, You Can Have My Number," and "Fairly Intimidated by Your Beauty." Buoyed by that success, they later introduced "Answer Honestly" bottle back labels that gave drinkers challenging choices to mull over. Structural packaging innovations can create a point-of-difference that permits a higher margin. New packages can also expand a

market and capture new market segments. Packaging changes can have immediate impact on customer shopping behavior and sales: a redesign of Häagen-Dazs packaging increased flavor shoppability by 21 percent; General Mills saw an increase in sales of 80 percent after redesigning Bisquick Shake n' Pour package to improve its ergonomics and by creating a "smooth, curvy form that reinforces the brand equity"; and a redesign on the packaging for Jimmy Dean's Biscuit Sandwiches lead to an increase of 13 percent in household penetration.<sup>62</sup> One of the major packaging trends of recent years is to make both bigger and smaller packaged versions of products (as well as portions) to appeal to new market segments. Jumbo sizes have been successfully introduced for hot dogs, pizzas, English muffins, frozen dinners, and beer. Pillsbury's Grands! biscuits—40 percent larger than existing offerings—were the most successful new product in the company's 126-year history when introduced. But sometimes smaller has proven to be successful too.

### **13) How can you create effective loyalty programs?**

**Loyalty** or **frequency programs** have become one popular means by which marketers can create stronger ties to customers.<sup>35</sup> Their purpose is "identifying, maintaining, and increasing the yield from a firm's 'best' customers through long-term, interactive, value-added relationships."

Firms in all kinds of industries—most notably the airlines—have established loyalty programs through different mixtures of specialized services, newsletters, premiums, and incentives. Often they include extensive co-branding arrangements or brand alliances.

Some tips for building effective loyalty programs follow:

- *Know your audience:* Most loyalty marketers employ sophisticated databases and software to determine which customer segment to target with a given program. Target customers whose purchasing behavior can be changed by the program.
- *Change is good:* Marketers must constantly update the program to attract new customers and prevent other companies in their category from developing "me-too" programs. "Any loyalty program that stays static will die," said one executive.
- *Listen to your best customers:* Suggestions and complaints from top customers deserve careful consideration, because they can lead to improvements in the program. Because they typically represent a large percentage of business, top customers must also receive better service and more attention.
- *Engage people:* Make customers want to join the program. Make the program easy to use and offer immediate rewards when customers sign up. Once they become members, make customers "feel special," for example, by sending them birthday greetings, special offers, or invitations to special events.

## **-Breadth and Depth of Awareness**

The *depth* of brand awareness measures how likely it is for a brand element to come to mind, and the ease with which it does so. A brand we easily recall has a deeper level of brand awareness than one that we recognize only when we see it. The *breadth* of brand awareness measures the range of purchase and usage situations in which the brand element comes to mind and depends to a large extent on the organization of brand and product knowledge in memory. To see how this works, consider the breadth and depth of brand awareness for Tropicana orange juice.

### **TROPICANA**

Consumers should at least recognize the Tropicana brand when it is presented to them. Beyond that, consumers should think of Tropicana whenever they think of orange juice, particularly when they are considering buying orange juice. Ideally, consumers would think of Tropicana whenever they were deciding which type of beverage to drink, especially when seeking a “tasty but healthy” beverage. Thus, consumers must think of Tropicana as satisfying a certain set of needs whenever those needs arise. One of the challenges for any provider of orange juice is to link the product to usage situations beyond the traditional one of breakfast—hence the industry campaign to boost consumption of Florida orange juice that used the slogan “It’s Not Just for Breakfast Anymore.”

## **-Product Hierarchy**

As the Tropicana example suggests, to fully understand brand recall, we need to appreciate **product category structure**, or how product categories are organized in memory. Typically, marketers assume that products are grouped at varying levels of specificity and can be organized in a hierarchical fashion.<sup>2</sup> Thus, in consumers’ minds, a product hierarchy often exists, with product class information at the highest level, product category information at the second-highest level, product type information at the next level, and brand information at the lowest level.

The beverage market provides a good setting to examine issues in category structure and the effects of brand awareness on brand equity. Figure 3-3 illustrates one hierarchy that might exist in consumers’ minds. According to this representation, consumers first distinguish between flavored and nonflavored beverages (water). Next, they distinguish between nonalcoholic and alcoholic flavored beverages. They further distinguish nonalcoholic beverages into hot drinks like coffee or tea, and cold drinks like milk, juices, and soft drinks. Alcoholic beverages are distinguished by whether they are wine, beer, or distilled spirits. We can make even further distinctions. For example, we can divide the beer category into no-alcohol, lowalcohol (or “light”), and full-strength beers, and divide full-strength beers by variety (ale or lager), by brewing method (draft, ice, or dry), by price and quality (discount, premium, or super-premium), and so on.

## **-Behavioral Loyalty**

We can gauge (ölçmek) **behavioral loyalty** in terms of repeat purchases and the amount or share of category volume attributed to the brand, that is, the “share of category requirements.” In other words, how often do customers purchase a brand and how much do they purchase? For bottom-line profit results, the brand must generate sufficient purchase frequencies and volumes. The lifetime value of behaviorally loyal consumers can be enormous.<sup>31</sup> For example, a loyal General Motors customer could be worth \$276,000 over his or her lifetime (assuming 11 or more vehicles bought and word-of-mouth endorsement that makes friends and relatives more likely to consider GM products). Or consider new parents. By spending \$100 a month on diapers and wipes for 24–30 months, they can create lifetime value of as much as \$3,000 for just one baby.

## **-Attitudinal Attachment**

**Attitudinal Attachment.** Behavioral loyalty is necessary but not sufficient for resonance to occur.<sup>32</sup> Some customers may buy out of necessity—because the brand is the only product stocked or readily accessible, the only one they can afford, or other reasons. Resonance, however, requires a strong personal **attachment**. Customers should go beyond having a positive attitude to viewing the brand as something special in a broader context. For example, customers with a great deal of attitudinal attachment to a brand may state that they “love” the brand, describe it as one of their favorite possessions, or view it as a “little pleasure” that they look forward to.

Prior research has shown that mere satisfaction may not be enough. Xerox found that when customer satisfaction was ranked on a scale of 1 (completely dissatisfied) to 5 (completely satisfied), customers who rated Xerox products and services as “4”—and thus were satisfied—were six times more likely to defect to competitors than those customers who provided ratings of “5.” Similarly, loyalty guru Frederick Reichheld points out that although more than 90 percent of car buyers are satisfied or very satisfied when they drive away from the dealer’s showroom, fewer than half buy the same brand of automobile the next time.<sup>35</sup> Creating greater loyalty requires creating deeper attitudinal attachment, through marketing programs and products and services that fully satisfy consumer needs.

## **-Sense of Community**

**Sense of Community.** The brand may also take on broader meaning to the customer by conveying a sense of **community**. Identification with a brand community may reflect an important social phenomenon in which customers feel a kinship or affiliation with other people associated with the brand, whether fellow brand users or customers, or employees or representatives of the company. A brand community can exist online or off-line. Branding Brief 3-1 profiles three company-initiated programs to help build brand communities. A stronger sense of community among loyal users can engender favorable brand attitudes and intentions.

## **-Active Engagement**

**Active Engagement.** Finally, perhaps the strongest affirmation of brand loyalty occurs when customers are **engaged**, or willing to invest time, energy, money, or other resources in the brand beyond those expended during purchase or consumption of the brand.<sup>39</sup> For example, customers may choose to join a club centered on a brand, receive updates, and exchange correspondence with other brand users or formal or informal representatives of the brand itself. Companies are making it increasingly easy for customers to buy a range of branded merchandise so they can literally express their loyalty.

## **-Brand Salience**

Achieving the right brand identity means creating brand salience with customers. **Brand salience** measures various aspects of the awareness of the brand and how easily and often the brand is evoked under various situations or circumstances. To what extent is the brand top-of-mind and easily recalled or recognized? What types of cues or reminders are necessary? How pervasive is this brand awareness?

We've said that brand awareness refers to customers' ability to recall and recognize the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory. In particular, building brand awareness helps customers understand the product or service category in which the brand competes and what products or services are sold under the brand name. It also ensures that customers know which of their "needs" the brand—through these products— is designed to satisfy. In other words, what basic functions does the brand provide to customers?

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## **-Brand Credibility**

Customers may also form judgments about the company or organization behind the brand. **Brand credibility** describes the extent to which customers see the brand as credible in terms of three dimensions: perceived expertise, trustworthiness, and likability. Is the brand seen as (1) competent, innovative, and a market leader (*brand expertise*); (2) dependable and keeping customer interests in mind (*brand trustworthiness*); and (3) fun, interesting, and worth spending time with (*brand likability*)? In other words, credibility measures whether consumers see the company or organization behind the brand as good at what it does, concerned about its customers, and just plain likable.

## **-Manufacturer Brand**

In the United States after the American Civil War, a number of forces combined to make widely distributed, manufacturerbranded products a profitable venture:

- Improvements in transportation (e.g., railroads) and communication (e.g., telegraph and telephone) made regional and even national distribution increasingly easy.
- Improvements in production processes made it possible to produce large quantities of high-quality products inexpensively.

- Improvements in packaging made individual (as opposed to bulk) packages that could be identified with the manufacturer's trademark increasingly viable.
- Changes in U.S. trademark law in 1879, the 1880s, and 1906 made it easier to protect brand identities.
- Advertising became perceived as a more credible option, and newspapers and magazines eagerly sought out advertising revenues.
- Retail institutions such as department and variety stores and national mail order houses served as effective middlemen and encouraged consumer spending.
- The population increased due to liberal immigration policies.
- Increasing industrialization and urbanization raised the standard of living and aspirations of Americans, although many products on the market still were of uneven quality.
- Literacy rose as the percentage of illiterate Americans dropped from 20 percent in 1870 to 10 percent in 1900.

All these factors facilitated the development of consistent quality consumer products that could be efficiently sold to consumers through mass market advertising campaigns. In this fertile branding environment, mass-produced merchandise in packages largely replaced locally produced merchandise sold from bulk containers. This change brought about the widespread use of trademarks. For example, Procter & Gamble made candles in Cincinnati and shipped them to merchants in other cities along the Ohio and Mississippi rivers. In 1851, wharf hands began to brand crates of Procter & Gamble candles with a crude star. The firm soon noticed that buyers downriver relied on the star as a mark of quality, and merchants refused the candles if the crates arrived without the mark. As a result, the candles were marked with a more formal star label on all packages, branded as "Star," and began to develop a loyal following.

### **-Private Brand**

A brand placed on products that a large manufacturer has created for a smaller retailer. The smaller retailer places their own private brand label on the final good which was created by a third party manufacturer. Private branding is a cost effective way to gain access to producing a product without requiring a large manufacturing or design team.

### **-Personalised Marketing**

Personalized marketing is the ultimate form of targeted marketing, creating messages for individual consumers. That said, it is most often an automated process, using computer software to craft the individual messages, and building customer-centric recommendation engines instead of company-centric selling engines. In addition to customized promotions, personalized marketing can also be applied to the products themselves by

using a configuration system which allows customers to choose individual specifications for the products they're interested in. By offering consumers products they already want, businesses are far more likely to convert online visits to sales.

## **-Experiential Marketing**

### Definition

Experiential marketing is based on the entire experience a consumer has with a product or service. Whereas traditional marketing sells by pointing out benefits and features, experiential marketing focuses on allowing the consumer to try the service or product for himself. Experiential marketers control the environment in which this happens to some degree, but they want the consumer to make his own judgments about the product or service.

### Rationale and Goal

The rationale behind experiential marketing is that consumers, regardless of what they've heard about a product or service, ultimately keep buying based on how they personally interact with whatever the company offers -- that is, it is the experiences of the consumer that result in brand loyalty. The goal of experiential marketing thus is to appeal both to the rational and emotional sides people have so the consumer has a product or service experience that is truly memorable.

### Features

Because experiential marketing is based on the experience consumers have, its main feature is that it engages multiple senses at the same time. For instance, if selling coffee, the marketer would draw the consumer's attention not only to the taste of the beverage but to the way it looks and smells, its warmth and the pleasurable rush from the caffeine. Another feature is that it draws on the logic or sensory information the consumer has acquired or received previously. For example, in addition to pointing out the current taste, smell, warmth and rush from a cup of coffee, an experiential marketer also would help the consumer remember the past benefits received from being alert because of the caffeine and the happiness felt from enjoying a cup of coffee with family or friends.

### Benefits

Because experiential marketing appeals to consumers on multiple levels, it can focus a consumer on a product or service quickly. Therefore, it is useful for current environments and social environments in which people demonstrate a shorter span of attention. If it is successful, the customers who respond end up being loyal to the company, which means the business has fairly stable revenue and profit and that customers will refer others.

### Drawbacks

Experiential marketing is intended to engage as many senses and rationalization processes as possible. However, in reality, it is difficult to do this. For instance, a written coffee ad can show a person sipping coffee enjoying himself and include text about the flavor and aroma, but the consumer cannot actually taste and smell the coffee to see if he likes it. This means much of experiential marketing has to be hands-on and include one-on-one interaction, which dramatically reduces the number of people a marketer can reach at any given time. For instance, a marketer could hold a demonstration for a large group of 100 individuals, but a traditional TV ad could reach millions of viewers. It can cost a significant amount to use experiential marketing, as well, because the company

has to provide samples or service hours free so the consumer can test what the company offers. Companies need to pay the people who do every demonstration.

### **-Buzz Marketing**

Buzz marketing is a viral marketing technique that is focused on maximizing the word-of-mouth potential of a particular campaign or product, whether that is through conversations among consumers' family and friends or larger scale discussions on social media platforms. By getting consumers talking about their products and services, companies that employ buzz marketing hope to grow their awareness through the growth of online traffic and increase sales and profits. A buzz marketing example would be if a company decides to promote a product through some type of event centered around a show or stunt of some kind where consumers can try the product and are encouraged to share their experiences through everyday conversation or online. Another term for buzz marketing is astroturfing.

### **-Sense Marketing**

*Sense marketing* appeals to consumers' senses (sight, sound, touch, taste, and smell).

### **-Feel Marketing**

*Feel marketing* appeals to customers' inner feelings and emotions, ranging from mildly positive moods linked to a brand (e.g., for a noninvolving, nondurable grocery brand or service or industrial product) to strong emotions of joy and pride (e.g., for a consumer durable, technology, or social marketing campaign).

### **-Relationship Marketing**

Marketing strategies must transcend the actual product or service to create stronger bonds with consumers and maximize brand resonance. This broader set of activities is sometimes called **relationship marketing** and is based on the premise that current customers are the key to long-term brand success.<sup>12</sup> Relationship marketing attempts to provide a more holistic, personalized brand experience to create stronger consumer ties. It expands both the depth and the breadth of brand-building marketing programs.

Here are just a few of the basic benefits relationship marketing provides:<sup>13</sup>

- Acquiring new customers can cost five times as much as satisfying and retaining current customers.
- The average company loses 10 percent of its customers each year.
- A 5 percent reduction in the customer defection rate can increase profits by 25–85 percent, depending on the industry.
- The customer profit rate tends to increase over the life of the retained customer.

## **-Mass Customization**

The concept behind mass customization, namely making products to fit the customer's exact specifications, is an old one, but the advent of digital-age technology enables companies to offer customized products on a previously unheard-of scale. Going online, customers can communicate their preferences directly to the manufacturer, which, by using advanced production methods, can assemble the product for a price comparable to that of a noncustomized item.

In an age defined by the pervasiveness of mass-market goods, mass customization enables consumers to distinguish themselves with even basic purchases. The online jeweler Blue Nile lets customers design their own rings. Custom messenger-bag maker Rickshaw Bagworks lets customers design their own bags before they are made to order. Sportswear vendor Shortomatic lets customers upload their own images and overlay them on a pair of custom-designed shorts. Land's End also allows customization of certain styles of pants and shirts on its Web site to allow for a better fit.

Mass customization is not restricted to products. Many service organizations such as banks are developing customer-specific services and trying to improve the personal nature of their service experience with more service options, more customer-contact personnel, and longer service hours.

Mass customization can offer supply-side benefits too. Retailers can reduce inventory, saving warehouse space and the expense of keeping track of everything and discounting leftover merchandise. Mass customization has its limitations, however, because not every product is easily customized and not every product demands customization. Returns are also more problematic for a customized product that may not have broader appeal.

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With the advent of social media, customers can now share with others what they have co-created with firms. For example, Nike enables customers to put their own personalized message on a pair of shoes with the NIKEiD program. At the NIKEiD Web site, visitors can make a customized shoe by selecting the size, width, and color scheme and affixing an eight-character personal ID to their creation. Then they can share it with others for them to admire.

## **-One to One Marketing**

Don Peppers and Martha Rogers popularized the concept of one-to-one marketing, an influential perspective on relationship marketing.<sup>18</sup> The basic rationale is that consumers help add value by providing information to marketers; marketers add value, in turn, by taking that information and generating rewarding experiences for consumers. The firm is then able to create switching costs, reduce transaction costs, and maximize utility for consumers, all of which help build strong, profitable relationships.

One-to-one marketing is thus based on several fundamental strategies:

- Focus on individual consumers through consumer databases—"We single out consumers."

- Respond to consumer dialogue via interactivity—"The consumer talks to us."
- Customize products and services—"We make something unique for him or her."

Another tenet of one-to-one marketing is treating different consumers differently because of their different needs, and their different current and future value to the firm. In particular, Peppers and Rogers stress the importance of devoting more marketing effort to the most valuable consumers.

Peppers and Rogers identified several examples of brands that have practiced one-to-one marketing through the years, such as Avon, Owens-Corning, and Nike. They note how Ritz- Carlton hotels use databases to store consumer preferences, so that if a customer makes a special request in one of its hotels, it is already known when he or she stays in another.

Peppers and Rogers also provide an example of a localized version of one-to-one marketing. After having ordered flowers at a local florist for his or her mother, a customer might receive a postcard "reminding him that he had sent roses and star lilies last year and that a phone call would put a beautiful arrangement on her doorstep again for her birthday this year." Although such online or offline reminders can be helpful, marketers must not assume that customers always want to repeat their behaviors. For example, what if the flowers were a doomed, last-chance attempt to salvage a failing relationship? Then a reminder under such circumstances may not be exactly welcome!

An example of a highly successful relationship marketing program comes from Tesco, the United Kingdom's largest grocer.

## **-Permission Marketing**

**Permission marketing**, the practice of marketing to consumers only after gaining their express permission, was another influential perspective on how companies can break through the clutter and build customer loyalty. A pioneer on the topic, Seth Godin, has noted that marketers can no longer employ "interruption marketing" or mass media campaigns featuring magazines, direct mail, billboards, radio and television commercials, and the like, because consumers have come to expect—but not necessarily appreciate—these interruptions. By contrast, Godin asserts, consumers appreciate receiving marketing messages they gave permission for: "The worse the clutter gets, the more profitable your permission marketing efforts become."

Given the large number of marketing communications that bombard consumers every day, Godin argues that if marketers want to attract a consumer's attention, they first need to get his or her permission with some kind of inducement—a free sample, a sales promotion or discount, a contest, and so on. By eliciting consumer cooperation in this manner, marketers *might* develop stronger relationships with consumers so that they desire to receive further communications in the future. Those relationships will only develop, however, if marketers respect consumers' wishes, and if consumers express a willingness to become more involved with the brand.

With the help of large databases and advanced software, companies can store gigabytes of customer data and process this information in order to send targeted, personalized

marketing e-mail messages to customers. Godin identifies five steps to effective permission marketing:

1. Offer the prospect an incentive to volunteer.
2. Offer the interested prospect a curriculum over time, teaching the consumer about the product or service being marketed.
3. Reinforce the incentive to guarantee that the prospect maintains his or her permission.
4. Offer additional incentives to get more permission from the consumer.
5. Over time, leverage the permission to change consumer behavior toward profits.

In Godin's view, effective permission marketing works because it is "anticipated, personal, and relevant." A recent consumer research study provides some support: 87 percent of respondents agreed that e-mail "is a great way for me to hear about new products available from retail companies"; 88 percent of respondents said a retailer's e-mail has prompted them to download/ print out a coupon; 75 percent said it has led them to buy a product online; 67 percent said it has prompted an offline purchase; and 60 percent have been moved to "try a new product for the first time." Amazon.com has successfully applied permission marketing on the Web for years.

Permission marketing is a way of developing the "consumer dialogue" component of one-to-one marketing in more detail. One drawback to permission marketing, however, is that it presumes that consumers have some sense of what they want. In many cases, consumers have undefined, ambiguous, or conflicting preferences that might be difficult for them to express. Thus, marketers must recognize that consumers may need to be given guidance and assistance in forming and conveying their preferences. In that regard, *participation marketing* may be a more appropriate term and concept to employ, because marketers and consumers need to work together to find out how the firm can best satisfy consumer goals.

## **-After Marketing**

**After-marketing** can be described as the steps which an organisation takes after a sale of a product/service is completed, to retain customer loyalty for repeat sales.

For products that need service support like automobiles or in the B2B marketing, after-sales service is important and forms a major component of After-Marketing. It is marked by continuous follow-up by the sales department. In traditional marketing, emphasis is on activities till the sale is done while after-marketing strategies start once the sales have been made. This is majorly a relationship building between the buyer and seller to retain the buyer in near future. It should be noted that a sale is not the end, but the beginning of a relationship. In case of consumer products like TV or automobiles, which require service support, the after-marketing activities include service support given to the product by the company.

For products like soap or shampoo where there isn't any scope for after-sales support, innovative ways can be thought of to increase brand loyalty by involving the customers

more. For example- Sunsilk involves its consumers by inviting them to visit their websites and participate in interactive discussions. This helps the company gain consumer insights as well as promote word of mouth among consumers about the benefits of using the product.

### **After-Marketing activities can be of two types – Active and Passive.**

Active after-marketing includes reaching out to the consumers and encouraging them to interact with the company. For example- promoting brands through social marketing sites like Twitter and Facebook and trying to connect with the existing and potential consumers. Passive activities require initiation by the customer. Having a toll free number on the back of the carton is a passive after-marketing activity while organizing a contest to contact the company and suggest ideas is an active effort.

After-Marketing does not mean trying to sell more. Even though we get irritated with the frequent messages from cellular companies telling us about schemes and plans, reminders like the timely delivery of bills, payment receiving acknowledgements etc, are considered as good after-marketing activities because the actual intention is to help the consumer which indirectly gains his loyalty and trust.

Today, instead of only products, consumers want solutions to their problems. For example- Dettol provides information about hygiene /skin care related problems on its website and the benefits of using Dettol to fight against them.

In today's market scenario where competitors can copy every possible product/service features, after-marketing activities help in creating a meaningful differentiation for the company. Although these activities need an initial investment, but in the long run, after-marketing activities will build consumer loyalty for the brand.

### **-Dynamic Marketing**

Dynamic marketing refers to how your business adjusts and upgrades its marketing strategy and budget on an ongoing basis. The secret to keeping up in a world and World Wide Web of constant change is founded in dynamic marketing. Progress depends on adapting to change: Your company is able to dedicate more budget to your marketing as your business grows, allowing you to take advantage of more and more ROI dynamic marketing features. The more you're able to invest, the more you can increase your online exposure and reach. That translates to more leads, more customers and more return on investment (ROI).

## **HOW DO WE USE DYNAMIC MARKETING TACTICS TO MAXIMIZE YOUR COMPANY'S ROI?**

### **1. A DYNAMIC WEBSITE**

Your business needs a website that can grow alongside you. The ROI Base WebKit is an essential part of your dynamic marketing strategy, providing your company with a powerful website that's fully customizable. We handle your website setup with the long term in mind using the ROI Pro Template, which has a grid and modular-based system, so you can easily update your website and even revamp it in the future. Not only will your website be on a premium web host handled by an Internet marketing professional, but you also receive enhanced website security and monthly website backups.

### **2. DYNAMIC INTERNET MARKETING**

Once you've established an online presence through your website, you need to get the word out. The ROI Base WebKit includes sitemap installation (for quick indexing by search engines), a pin on Google Maps (for easy locating), web analytics setup (for tracking your visitors), and monthly website ranking reports (for monitoring website rank in search engines). Assessing the status of your website through analytics and reports is important for dynamic marketing, so you can make informed decisions about your marketing strategies and more precisely maximize ROI.

### **3. CUSTOMIZABILITY FOR DYNAMIC MARKETING**

At whatever stage in the process of your company growth, whenever your business is ready, you can upgrade to the bronze, silver or gold Internet marketing packages or incorporate one of our web marketing add-ons from a logo design or shopping cart to social media marketing, blog posting or e-newsletters. With ROI Web Hosting's focus on dynamic marketing, every component of your online marketing is fully customizable to your budget. As you increase your marketing tactics, you increase your opportunity to capture leads and customers.