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Brand extensions are a good business growth strategy as it allows the company to organically grow revenue. However, extensions must be carefully evaluated and chosen to ensure that the related affect is what is expected. For example, the company needs to make sure that any extension to the brand supports those brand elements or attributes that customers associate with the brand. Any product extensions that conflict, deteriorate or dilute the brand. Brand extensions can be a profitable business growth strategy by associating the new product with the existing strong brand that the company has developed.

For example, Nike started out as a running shoe manufacturer. They built their brand equity by developing the brand elements of being memorable by:

\* Memorable & Meaningful - have a simple tag line of “ just do it” was easy to remember and evoked an emotion of accomplishment/satisfaction,

\* Likeable - their products were well made and designed,

\* Protectable – their innovated ‘ waffle’ pattern on the show sole as well as their name was patented and copy write protectable, ]

\* Adaptable – they expanded their shoe product line to include hiking, walking and cross trainers.

The last criteria of the brand elements, transferable, is what made Nike more profitable and successful. Leveraging the strong market position and brand equity, Nike extended their brand out into active clothing wear. This extension decision was a great growth-strategy, as the product(s) complemented and enhanced their brand image. By offering active wear, then could create additional associations to affiliations to professional athletes (non-runners) as well as fashion conscious consumers. Brand Equity Model: Brand Equity is measured based on how well the brand is recognised and favoured over its competitors.

It is the added value endowed on products and services. The value-addition may be reflected in the way consumers think, feel, and act with respect to the brand as well as in the prices, market share and profitability the brand commands for the firm. If a brand has a positive perception in the consumer’s mind, we can say it has a positive brand equity. Brands with positive brand equity will consistently generate, maximize, and grow cash flows. They achieve this by commanding a price premium, allowing for brand extensions and licensing, attracting an retaining more valuable customers, and reducing the costs of customer acquisition.

Coca-Cola is the brand with the highest brand-equity and a brand valued at $70 billion. As defined, the value-addition is not always tangible and measurable. There are several marketing organizations which came up with their own metrics, analytics, and models to measure and manage brand equity. Advertising agency Young and Rubicam (Y&R) developed a brand equity model called Brand Asset Valuator (BAV). Please referwww. thebrandbubble. com/explore. Young and Rubicam, based on its research with almost 500, 000 consumers in 44 countries, has come up with five key components or pillars of brand equity.

They are: - Differentiation or Uniqueness measures the degree to which the brand is seen as different from others. - Energy measures the brand’s sense of momentum. - Relevance or Appropriateness measures the breadth of a brand’s appeal. - Esteem or Likeability measures how well the brand is measured and respected. - Knowledge or Awareness measures how familiar and intimate consumers are with the brand. The relationship among these factors form the Power Grid ( as shown inwww. thebrandbubble. com/explore ). Select brands like Coca-Cola, Google, etc, and you will quickly realize that they are shown on the top right corner of the grid.

These are the leaders with high earning and high potential. Similarly, brands like Safeway will appear in the fourth quadrant, which is an indication of an aging brand and has some serious challenges. Virgin Atlantic appears in the New/Indifferent category of the PowerGrid. Other important Brand Equity models are: Milward Brown’s Brand Dynamics, Brand MetricsDNA, Brand Resonance Model, and Aaker model. Chapter 9 To develop an effective positioning, a company must study competitors as well as actual and potential customers. Marketers need to identify competitor’s strategies, objectives, strengths and weaknesses.

Developing a positioning requires the determination of a frame of reference—by identifying target market and the resulting nature of the competition—and the optimal point of parity and points of difference brand associations \* optimal point of parity and points of differentiation; that points of differences are associations and are strongly held and favorably evaluated by consumers; the key to competitive advantage is relevant brand differentiation; emotional branding is becoming a way to create product and brand differentiation: brand stories are growing in importance as are brand journalism, and cultural branding.

Although more expensive to use dual marketing strategies, for a product or service consisting of negatively correlated attributes, such strategies will appeal to both sets of consumers for the product. Additionally, the marketer may anchor the PODs and POPs, with other brands or other associations that emulate the desired characteristics or communicate the desired emotional appeals. Chapter 8 Do brands have finite lives? I disagree with the idea that brands cannot be expected to last forever. “ Some brands have lasted for decades, even centuries. (“ Brand survival,” 2007) From a marketing manager’s perspective brands that can be expected to last forever have continuously built, measured, and managed the proper brand equity that allows for a brand to survive forever.

Continuously building, measuring, and managing brand equity will be discussed further to support the idea that brands can be expected to last forever. According to Kotler and Keller, “ Brand equity is the added value endowed on products and services. It may be reflected in the way consumers think, feel, and with respect to the brand, as well as in the prices, market share, and profitability the brand commands for the firm. (2009, p. 240) When creating brand equity marketing managers must first create the right brand elements that will attract and identify with consumers. Marketing managers utilize six main criteria for choosing brand elements such as, ensuring their brands are memorable, meaningful, likable, transferable, adaptable, and protectable. (Kotler & Keller, 2009 p. 246)

For example, “ Nike has multiple brand elements in which consumers can identify with such as, the distinctive “ swoosh” logo, the empowering “ Just Do It” slogan, and the “ Nike” name based on the winged goddess of victory. (Kotler & Keller, 2009, p. 246) Consumers recognize brand elements and are more likely to continuously purchase the brand due to their familiarity with the product and/or service. In order for a brand to last forever marketing managers must continuously measure brand equity. Marketing managers must conduct brand audits and brand-tracking studies. “ Conducting brand audits on a regular basis, such as annually, allows marketers to keep their fingers on the pulse of their brands so they can manage them more proactively and responsively. ”

In short, it is not the brand that decides whether its life will be finite or infinite. It is the way that the brand is presented and treated by the company that has created it. A company that wants to stay on the cutting edge and continue to have high market share will adapt its brand to meet the demands of consumers. A company that is not willing to address this issue may see the brand and the entire company die out. As unfortunate as it is, this is what has happened throughout time to some good brands and good companies that as simply not around anymore