

Branding in the automotive industry



Marketing Branding Consumers

Abstract

This paper discusses what branding is; the key elements of branding; and the importance of branding in the automobile industry. As we all know, automobiles for some consumers are not just a mode of transport, but luxury status symbols. This paper considers the needs of consumers that must be taken into account while branding a brand. I have explored how branding if not done properly results in the failure of the brand and have discussed several failures of branding which helps in analyzing the mistakes committed by companies during branding. Along with this, I have also examined several success stories of automobile branding. Re-branding is another important issue in branding which I have considered in light of the automobile industry. This paper talks about re-branding and its importance in branding and in helping companies gain profit and increase their sales.

Introduction

Definition (quote from book)

There is no concept as vital in the world of marketing and advertising today as “ Branding” . Everyone uses the word in every conversation, there are countless self-proclaimed experts on the subject, executives want it, account managers plan it, strategies are formulated, money is spent, and advertising is done (Kapferer, 2000). However, in reality, very few people actually know and understand the meaning and context of the term “ Branding”. The word

“ brand”, when used as a noun, can refer to a company name, a product name, or a unique identifier such as a logo or trademark.

The concept of branding developed through the practices of craftsmen who wanted to place a mark or identifier on their work without detracting from the beauty of the piece. These craftsmen used their initials, a symbol, or another unique mark to identify their work and they usually put these marks in a low visibility place on the product. Not too long afterwards, high quality cattle and art became identifiable in consumers’ minds by particular symbols and marks (Aaker & Joachimsthaler, 2000). Consumers would actually seek out certain marks because they had associated those marks in their minds with tastier beef, higher quality pottery or furniture, sophisticated artwork, and overall better products. If the producer differentiated their product as superior in the mind of the consumer, then that producer’s mark or brand came to represent a superior product. The modern concept of branding grew out of the consumer packaged goods industry and today the process of branding has come to include much more than just creating a way to identify a product or company. Branding today is used to create an emotional attachment on the part of the consumer to products and companies. Branding is the often subliminal process by which a business employs marketing strategies to get people to easily remember their products and services over competitors (DeChernatony, 1999). More so, it is applied psychology. Branding efforts create a feeling of involvement, a sense of higher quality, and an aura of intangible qualities that surround the brand name, mark, or symbol. Therefore a business, a product or any other service aimed at attracting customers can be successful if and only if it is branded

properly; thus branding is an essential component of a business. A brand name holds a lot of importance for the consumers. Consumers purchase products by considering the brand name, quality associated with the brand as well as other brand affiliated perks. Branding is a process that is used by businesses to utilize marketing strategies to enhance their product or service image so that it is more readily recollected by the customer. Branding helps the product or service to make a favorable impact on the target customer while the branding concepts help in outlining the guidelines that should be followed during the branding process. Branding of any product and service should follow some constants that help in establishing a brand in the long run (Abratt, 1989). Branding helps an organization in attracting consumers and thereby increases its market share and hold. An organization should therefore, implement branding very carefully. Many a time organizations do not concentrate much on branding. In such cases, the brand can either become a success or fail miserably; but the probability of the brand being a failure is much higher. This success and failure of the brand depends on how the product is branded and how well the process is taken care of. Marketers engaged in branding seek to develop or align the expectations behind the brand experience, creating the impression that a brand associated with a product or service has certain qualities or characteristics that make it special or unique. The importance of Branding in Marketing is discussed in the following sections.

Branding

Brands result directly from the market strategy as a consequence: segmentation and product differentiation (Kapferer, 2000). A brand should

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have its own specific point of view on the product category. Branding is a complex process which deals with the creation and development of a specific identity for a company, product, commodity, group, or person. It is carefully designed to present qualities that its creators believe will be attractive to the public, and it is meant to be developed and perpetuated for the long haul. An advertising campaign launches a product. Branding, when it's done right, creates an institution. Branding brings about so many benefits (Balmer & Gray, 2002). A brand is an end result. Branding is the process by which a brand comes into existence. A brand is many, many things, but it is never an accident. Brands can act as assets in times of recession or reduced business and profits. Such assets have in the past sustained companies in adversity; and all the evidence suggests that, if they are managed properly and efficiently, they can continue to do so, now and in the future. Branding helps in making a brand name for organizations.

If Branding is the creation and development of a personality—an identity—for a product or company, it is the result of work by a number of different professionals, all aiming at the same goal. While the roles of advertising and marketing have been well documented, the third prong within the Branding process, public relations, has largely been overlooked. For the most part, Branding requires the following three key components for proper execution (Pilch, 2007):

- Advertising: It's a wonderful thing to create a unique, user-friendly brand that the public is sure to embrace. However, if the public doesn't find out about the brand—and much of the public will find out through advertising—all that effort, time, and money will go to waste. The look

and attitude of the advertising also help define the brand in the public's mind.

- **Marketing:** In devising the personality of the brand and determining how it will be presented to the public, marketing, which is usually done in-house and through consultants, helps to create the entity that the brand will become. To sell a product, an organization needs to be clear in what it wants to sell. For example, a person owns the recipe for Oreo cookies, but if that person decided to sell the recipe and not the cookies, he or she would be making a very large marketing mistake (Johansson & Hirano, 1999). Marketing is not just selling; it is to know what exactly to sell and how to sell it as part of a larger well thought and well formed plan.
- **Public-relations:** If advertising is the juggernaut of public attention, public-relations is the stealth bomber. Public-Relations generates publicity for the brand, helps solidify the public's opinion of the brand, and defines the brand—all without being perceived by the public. Advertising is obvious, marketing is invisible, but public-relations is the most difficult of all things to be: subtle. It is also arguably the most valuable, indispensable part of the Branding process. Without public relations, it would be impossible to create a truly world-class brand, no matter what the budget or how exciting the product. Public-relations is absolutely essential to Branding.

For a new brand to be successful, all three of the Branding components must be firing on all cylinders. They must be working in tandem, but they also have to succeed individually.

Advertising

In today's business climate, even the most secure brands need to advertise. For example, McDonald's sells billions and billions of hamburgers. However, McDonald's does not cut back on its advertisements. In fact McDonald's increases the number of advertisements every year. Nike is a well known company which sells sports wear. It is known for spending millions on celebrity endorsements for advertising. Its advertisements are legendary, and its logo is well known the world over, with people recognizing the brand instantly from seeing the Nike logo. A good advertising account executive will be involved in the birth of a brand, even if others have already decided on a good portion of the brand identity. How to present that identity is advertising's job, in conjunction with public relations. The look of a television or print advertisement is as important as the message being delivered in print or dialogue. Quick edits, bright colors, extreme close-ups, and changing landscapes may appeal more to younger viewers, and will convey a different personality than golden sunsets, slow camera pans, and traditional storytelling (Keller, 1999). Loud music might be fine for a soft drink ad, but won't work for a feminine hygiene product. If the product is intended to have a feminine attitude, a female singer will more likely achieve the goal than a male singer. But advertising isn't just about creating TV commercials. Advertisements are about delivering the message to the public which has to be attracted to buy the product. The medium is the message. The programs during which the ad can be seen will make a statement about the personality of the product, as will the choice of publications in which print advertisements will run. If a product is supposed to be irreverent, young, up-

to-date, and unconventional, ad buyers will probably be more successful in advertising during the commercial breaks of T. V. series such as Friends rather than during news programs or documentaries. Each media outlet has as clearly defined a personality as its advertisers. In fact, the advertising often helps define the media outlet's personality, and vice versa. The advertisements are purchased with a very careful eye on which programs appeal to the target audience. When a brand is new, it's important the target audience be able to identify the brand, and identify with the brand, very quickly. So after it's decided what kind of brand identity is being introduced, and the target audience to which the brand is being marketed, creative advertising executives begin deciding what message to convey and how to convey it. Advertising doesn't create the identity, but it does choose how to present the identity, and it certainly helps define the identity of the product, and, by extension, its users (McEnally & DeChernatony, 1999). With a clever choice like that made for the Mentos advertisements, it expresses the advertiser's message very well. Advertisements however cannot do the job alone and they cannot determine what the image should be. All advertisements can do is to show the target audience what product they should buy and why they should buy it. The part of the process where the target audience is helped in determining the image of the product is accomplished through marketing.

Marketing

Before there can be a brand, there has to be a product. The bridge between product and recognizable brand is marketing. It is sometimes difficult for people outside the business to understand marketing, because they confuse

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it with advertising even though the two are totally different processes. Their goals are not the same, and their methods are totally different. They are performed by separate groups of specialists, and can often be at odds with one another until a compromise or alternative solution can be reached that satisfies both disciplines. If advertising is the way the public usually discovers a product, marketing determines what the public will discover. If the look and sound of advertising are important, the decisions made by marketing executives will determine the tone of the advertisements (Aaker, 1996). In other words, a product is assigned its personality mostly because of marketing. Based on the target audience for the product, marketing will determine which traits that segment of the population are likely to find appealing, and will do its best to ascribe them to the product being marketed. For example, when Apple Computers were experiencing some sales difficulties a number of years ago, and co-founder Steve Jobs returned to guide the company, the iMac computer was the first product to be released by the “new” company. The personality of the product was very important. Not only did it have to remind loyal Apple users why they liked the computer to begin with, but it had to convince new users to try something that required a large amount of money and was going to look different to anything they had seen before. In fact, the future of the entire company hinged on the acceptance of the iMac, and if it was seen as too similar to IBM based PCs, it would be rejected by the loyal Apple following. If it came across as too different or too strange, the product would fail to expand Apple’s market share—which was dwindling at the time—and the company would be in very dire straits indeed. What the company did was to analyze the strong points of Apple and the iMac. It marketed the iMac as

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something new, something fun, and something that younger users who were only just beginning to use the internet would appreciate. Marketing executives made sure the iMac was presented as a young, innovative, smart, and easy way to enter the online world, something that American consumers were just beginning to do in large numbers at the time. So, before the product came out, there was already great anticipation. But once the iMac, considered a wildly revolutionary design at its inception, was unveiled, the focus was all on the product. It helped that the iMac *looked* different: Its colorful, all-in-one bulbous design was certainly a change from the beige boxes that had dominated the computer industry for years. Certainly, the iMac turned the fortunes of Apple Computers around. Apple increased its market share and sold millions of iMacs, and a company that appeared to be on the brink of extinction not long before was assured a solid foothold, if not a dominant position, in the home computer market. If the computer hadn't worked well, if it hadn't delivered on its promises, no marketing campaign would have been able to achieve the success of the iMac. What marketing does is to determine the proper audience for a product, and then deliver to that audience what it wants. The target demographic can be as narrow as 15-year-old boys living in the suburbs, or it can be literally anybody (Riley & DeChernatony, 1998). That will depend on the product. But once the demographic is identified, marketing professionals analyze it, make sure the characteristics of that demographic are compatible with the product, and then emphasize the strengths of the product. Through focus groups, surveys, and other tools, market research helps determine what people want.

Marketing is more the art of taking what already exists and making it more attractive to the public through positioning and branding techniques. It is a

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natural and easy mistake to confuse marketing with advertising. Advertising is what happens when marketing has already been done. The next area under discussion is public relations which also works with what marketing professionals have already done, but does different, less obvious things with it.

Public Relations

Many clients do not understand the difference between branding, public relations, advertising and marketing. In order to understand the role of public relations in branding, first we have to understand how public relations works. It is a business unlike any other, and its rules are very specific. Public relations can help create a brand, establish it, promote it, develop it, and keep it healthy, all without being detected by the general public. Most Executives prefer public relations to advertising mainly for the reason that a lot of branding programs of the organizations are usually based on third-party endorsement. It is much more credible and fast-acting than when you pay for advertisements. People often confuse public relations with publicity and the reason could be pretty simple. Public relations in actual fact refers to the craft of attracting publicity, and not publicity itself (Dolak, 2003). What public relations does is attract attention to the product through different mediums of the media giving the product a wider audience and generating more publicity than a person working in public relations could reach individually. One problem, however, is that some businesses are wary of the press overall, and do not fully appreciate the boost and recognition that public relations can provide. The role of public relations is to combine what marketing and advertising do, and then use the information in different

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ways. Marketing determines the personality, or brand identity, being publicized (Gelder, 2002). Public relations professionals are given that information and are asked to find an appropriate media outlet to relay the message. For example, in the case of the iMac, Apple made sure (quite often by donation) that school systems around the country had iMac computers as soon as they were available. This helped familiarize very young computer users—possibly those who had never used a computer before—with Apple's product first. This brilliant public relations move demonstrated that Apple had strong interests in education and a history of helping children. This gave consumers a very positive image of Apple. The move into schools also made sure that iMacs were perceived as unusual and innovative. Brand identity is the most vital part of the branding concept. With the wrong identity, even a perfect product can fail to become a brand. With the proper identity, one that has been crafted carefully and thoughtfully, a product can launch a brand and eventually become what every branding practitioner hopes for—a household name. Word of mouth, local newspapers, radio programs, and television news programs are the targets at the very beginning of the quest of a person working in public relations. Generally the most widely viewed television channels, most read newspapers, magazines and journals, not just nationally but world over, are the target of public relations. Before news of the new product, service, or personality can reach the media however, the public relations professional has to analyze the brand identity. Public relations professionals do make things up about these products; they find the newsworthy aspect or unique selling proposition of a company and its products and try to attract attention to that. In other words, Public-Relations

is the art of telling the truth in the most positive light possible. It is as central a component of Branding as any other, and its importance is immeasurable.

Branding in Automobiles

Designing an automobile is an extremely difficult task. Automobiles are built and manufactured after much market research and field work about the product being designed and manufactured, the region in which the product has to be released, and many other factors which go into determining the successful launch of the product and the success of the product

(Bouchenoire, 2003). Branding plays a very important role in the automobile industry. Branding an automobile is essential in order to make the product a success. Brands become icons due to successful Branding. Customers value certain products which they recognize and feel help to define them as a person for whatever reason. It may be because the brand symbolizes wealth and a high status and the person wishes to align themselves with a brand with such appeal. Customers would generally like to resemble any product they purchase with themselves (Kavounis, 2002). In the automobile industry, the executives and the designers have to be careful with the design of the product with respect to the needs of the customers. Thorough research has to be carried out as to what customers want from the automobile and what customers need from the automobile and these factors are then taken into account when designing the automobile. Customers may have different needs depending on the region where the product has to be launched. In some regions consumers might like to have a smooth and luxurious automobile whereas in a different location, speed might be given preference over luxury. Marketing has to be done carefully so that all these factors are

taken into account. The organization should target prospective buyers with a strategy that turns them into loyal customers.

Loyalty plays a huge role in the success of the brand. For example, the Harley-Davidson Company which manufactures motor-bikes has a strong and loyal pool of customers which makes it a very strong brand. The fact that the company manufactures what can be argued to be some of the best motor-bikes available could be one of the main reasons for the success of the brand. However, there are many other companies which produce good and perhaps even better motor-bikes than Harley-Davidson, but it is the fact that Harley-Davidson was successful in creating such a strong brand name that demanded loyalty from its customers that enabled it to create a large pool of returning customers. In August 2003, Milwaukee, Wisconsin (United States of America), celebrated the hundredth birthday of Harley-Davidson (Gunelius, 2007). The whole city was converted into a biker-party zone for three consecutive days. Over one hundred thousand people attended the party riding their Harley-Davidson bikes. Also Harley-Davidson aficionados from over forty-seven different companies attended the party. This reflects the strength of the brand and goes on to point out how important it is to attract the loyalty of the customers in order to make a brand successful.

It is widely known that brands have a remarkable ability to impact the way customers perceive a product. Customers and ordinary people do not just look at the product; they interconnect the brand and the product together. The way the customers perceive the product is totally shaped and determined by the brand itself. Therefore, it is a necessity that the brand projects itself in a way to attract consumers. The presence of a well

recognized brand determines the way the target audience view the product. Here is a hypothetical example of Mercedes deciding to release a car: Since Mercedes is a highly recognized brand, the car being released will almost certainly automatically be viewed as a high quality, exclusive and expensive product. In order to make a brand, branding is compulsory. Many people unfamiliar with the long process of good branding may consider it to be easy however, for every successful brand, there are dozens of brands which have either come close to being a success or have been total failures. Brands such as Mercedes, General Motors (GM) and Toyota have been huge successes however; several big names like Daewoo Motors and Valujet have failed in some areas or have disappeared altogether. Daewoo Motors, once a leading brand in the automobile industry, could not retain its customer base and customer loyalty as it had implemented some bad branding strategies which made it lose its brand value. As a result, Daewoo Motors had to close down several of its factories and offices due to the losses it sustained.

Essentials of Branding

Branding does not just involve identifying the needs of customers, but also certain factors which are useful in attracting customers. These essential factors are:

- Name: The name of the company can play an important role. A great name is like extra octane in a brand. A bad, boring, or sound-alike name will not necessarily kill a brands chances for success however in most cases it “ dramatically dilutes the brand equity and potency” (Aaker, 1996). The naming of a brand also depends on the customers’

taste and liking as well as the region in which the product is going to be released along with the people living in that particular region.

Naming can also be done by taking potential global consumers into consideration.

- Logo: The Logo of a company plays a huge role in determining the strength of the brand. Any customer relates a product to a brand through its logo. The logo creates a big impact on the way the products are perceived. When a customer sees the “ four circles” of the Audi, the “ horse” of the Ferrari, the “ checkered flag” of the BMW, he or she associates the values of that brand with the logo.

Logos along with the names, contribute largely in determining the strength of the brand.

Branding Successes

A critical element of predictive loyalty metrics is their ability to measure the direction and velocity of consumer values 12-18 months in advance (Stephan, 1997). With that in mind, here are the key trends that determine the difference between the success and failure of brands.

- An emphasis on “ engagement” : Inserting itself between traditional marketing activities and an increasing demand for return on investment assessments, engagement is the Holy Grail for marketers and advertisers (Assael, 1995). Defined as the outcome of advertising and marketing activities that substantively increases a brand’s strength in the eyes of the consumers (and actually predicts sales and profitability), engagement is used more and more to allocate

marketing budgets. The joint task forces from the Association of National Advertisers (ANA), the Advertising Research Foundation (ARF), the American Association of Advertising Agencies (AAAA), and the American Marketing Association (AMA) provide some degree of engagement meaning and metrics.

- Using technology to better meet consumer expectations: Consumer expectations in all categories will continue to grow if technology is used properly to attract the attention of the customers (King, 1989). Expectations have increased more than twenty six percent in the past five years while brands have kept up with these expectations by only eight percent. Marketers in general rely upon websites and high-tech capabilities to accommodate these values and differentiate themselves from the competition.
- More branded entertainment: Popular culture, with its rabid consumption of music and technology, has to be the main viewpoint of the brand leaders as a method for customizing entertainment and selling products. For instance, music-related paraphernalia such as T-shirts, posters, and artist-related merchandise infringe more on the dominance of bricks-and mortar retail.

Harley-Davidson The iconic American motorcycle sustains a proud history, enduring product quality and a high price point. In the face of increased competition in 1987, Harley sent a management team to Japan to learn about superior production techniques. This is a branding technique used by the Harley-Davidson team to produce a super-quality bike which could appeal to a large number of customers across the world. Though today's

median customer is fifty five years old, many people recognize the brand and think it personifies the outlaw sensibilities, the romance of the open road, and the American Dream of unbridled freedom. However, numerous brand extensions and licenses, many of them down market, i. e. cigarettes and clocks, have kept Harley in the middle levels of the luxury category. Even though Harley is treated as a mid-luxury bike, many consumers rich or poor align the bike's related attributes with their own character. Harley-Davidson was able to attract the customers in that aspect and hence, it went on to become one of the most renowned brand names in the history of motor-bike companies.

Another such vehicle is the Hummer: a multi-terrain vehicle which gained popularity within a very short space of time. Hummer is a classic instance of brand hijacking, where consumers attach attributes to a product that its manufacturer never intended. The Humvee originated as a government contract vehicle, designed for the military. Survivalists, conservatives, and yuppies adopted it as their signature icon vehicle, with some cachet attached to its million dollar price tag. It has since become the car of choice for gangster rappers and generally a very popular status symbol. After unexpected market demand, Hummer – an Indiana-based division of GM- recently introduced two low-cost, downsized models in the hundred thousand dollars range, thus moving the brand below its prior designation as premium luxury. This led it to become a huge hit amongst youngsters.

For a brand to be successful, it requires branding to be done in an effective manner. Initial surveys must be carried out to find how a product can be advertised. Surveys consist of finding out the expectations of the target

market. The design requirements of the vehicle, with respect to the customers must be analysed thoroughly (Fournier & Yao, 1977). Branding also requires an organization to learn from previous mistakes; mistakes of not just that organization, but also of the other organizations.

Branding Failures

Several brands have failed due to the implementation of improper branding strategies for certain automobiles. These strategies intended to improve the image held by customers of the brand failed despite many of the vehicles being arguably better than those of some of the most prominent brands. Cadillac Motors, which later became a division of General Motors, dates from the early days of mass-produced automobiles (Wreden, 2003). It is the oldest surviving American luxury car brand. Once a synonym for the highest quality in vehicles, by the 1950s the brand had become the favorite of Texan oil millionaires, Arab potentates and Elvis Presley, who habitually gave them away by the dozens to his entourage. Cadillac began to lose market share in the seventies with increased competition from Ford's Lincoln division, and the introduction of other luxury vehicles –primarily of Japanese manufacture who marketed to a younger, newly-affluent demographic. Cadillac unsuccessfully responded by releasing a downsized model, the Cimarron, 1982-88, driving brand perception lower. Today, Cadillac is perceived as a retiree's car, while it retains some small segment of the limousine business. The branding technique they adopted was to reduce the size of the vehicles. However, the price and the basic design did not change. Due to this, most people never opted for this kind of vehicle; the younger demographic especially never bought this type of a car. Many new vehicles had been

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released by other brands which were more stylish in design and looks thereby attracting more customers to buy their brands whereas Cadillac never concentrated on the marketing and branding strategies and continued with their traditional car designs. Even reducing the price ranges did not bring about any change in the fortunes of Cadillac. Therefore, Cadillac became the retiree's brand. Branding Failures can occur from brand extensions. Extending a brand refers to adding the brand to other products. If an organization manufacturing cars starts selling T-Shirts and other stuff under its brand name, the organization is extending its brand (Broniarczyk & Joseph, 1994). Extensions might involve changing the design structure, adding n