

Building strong brands case study

[Business](#), [Company](#)



Check Your Understanding

1. Branding is endowing products and services with the power of a brand.
2. Brand elements are those trademarked devices that serve to identify and differentiate the brand.
3. Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market.
4. In a growth-slump-maturity pattern of the product life cycle, sales grow rapidly when the product is first introduced and then fall to a "petrified" level.
5. Firms that serve small markets not being served by larger firms are known as market nichers.
6. A flank attack can be directed along two strategic dimensions, geographic and segmented.

Exercises

1. Describe the functions a brand provides for the firm.

Firstly, brands make it easier to trace and handle products, simplifying accounting records and inventory handling. Secondly, brands protect unique product features legally, through trademarks, patents, copyrights and proprietary designs. Lastly, customer brand loyalty often means demand stability and predictability for the firm. It also acts as a strong shield against competitors as it is almost impossible to duplicate the brand, unlike manufacturing processes and product features. Therefore, brand is an important source of competitive advantage, which ensures the competitiveness of the firm (Kotler and Keller, 2009, p. 237).

2. What are the two basic approaches to measuring brand equity?

The two basic approaches to measuring brand equity are indirect and direct.

The former identifies the structures of consumer brand knowledge, thus assessing the possible sources of brand equity. The measurements for the indirect approach are usually conducted through brand audits, a series of procedures, which aim to evaluate brand's health, find the sources of brand equity and leverage them. This tool is helpful when a major strategic shift is planned. However, regular audits are also important for better daily brand control and management (Kotler and Keller, 2009, p. 251).

Indirect approach tracks consumer brand knowledge structures, thus evaluating the sources of brand equity. It is usually done through brand-tracking studies, where quantitative data are collected from the customers on a regular basis in order to assess the performance of marketing programs on key dimensions. This exercise helps to understand brand value creation and to facilitate daily decision-making process (Kotler and Keller, 2009, p. 251).

3. What are the three key consumer desirability criteria for POD's (points-of-difference)?

Points-of-difference (PODs) are the features, which consumers associate with a brand. PODs are positively evaluated and perceived as unique, compared to the competitors' products (Kotler and Keller, 2009, p. 269). Three criteria evaluate whether POD is desirable by the customers. Firstly, consumers should perceive the POD as relevant. Secondly, POD should be viewed as superior and distinctive. Finally, POD should be credible and easy to believe in (Kotler and Keller, 2009, p. 275).

4. What are the four stages in the Product Life Cycle? Describe what happens at each stage.

Product Life Cycle is important for positioning and strategy formulation over time. It reflects the fact that product have a limited life, and every life stage is associated with sales and profit fluctuations, as well as requires different strategic decisions. A typical Product Life Cycle curve is bell-shaped and it is divided into 4 stages: introduction, growth, maturity and decline. In the first stage sales grow slowly, profits are nonexistent due to the product introduction expenditures. In the growth stage profit increases significantly and market accepts the product. In the period of maturity sales growth decelerates, profits stabilize or decrease. Most potential buyers have already accepted the product at this point. In the last phase, sales decline and profits erode (Kotler and Keller, 2009, p. 278).

1. James Dyson's innovative ideas come from two sources. What are those sources?

Innovation originates from two sources: internal efforts of the company and external forces (Betz , Khalil, Hosni, & Mostafa, 2010, p. 35). James Dyson's innovative ideas find their external sources in the desire of the consumers to minimize the frustration of their routine activities. Internally, Dyson is trying to implement the existent products and technologies in a more innovative manner. The complex of the two approaches made Dyson successful in introducing his innovations into the market.

2. James Dyson has begun experimenting with robotics and microchips to accomplish what objective?

The objective of James Dyson is to develop appliances, which could free people from their daily household tasks and give consumers more free time. Dyson is pursuing these goals through the use of cutting-edge technologies and innovations, which goes along with the desire of people to simplify and ease their daily tasks.

References

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