

## Market Communications & Branding - Part 1

CPS 181s  
Oct 2, 2001

## BRANDING AND MARKET COMMUNICATIONS

- ◆ Market communications
  - ◆ Broad vs. individual
  - ◆ Offline vs. online
- ◆ Branding
  - ◆ Branding basics
  - ◆ Framework for brand equity
  - ◆ 10-step process to build brands
  - ◆ Points of two case studies
  - ◆ Branding choices

## Questions

- ① What are four categories of market communications?
- ② What is a good brand?
- ③ What is the Ten-Step Branding Process?
- ④ How does online branding compare between American Airlines and Continental Airlines?
- ⑤ What are the Point-Counterpoint arguments for leveraging an offline brand into the online environment?

## Integrating Communications and Branding

- ◆ Branding
- ◆ Customer's perception of the offering
- ◆ Performance
  - ◆ Looks
  - ◆ Feel
  - ◆ Messages it sends to others



## Market Communications

- ◆ Interaction with the brand
- ◆ Other's experience
- ◆ Mass marketing approaches
- ◆ "Shelfspace equals marketshare"
- ◆ "Mindshare leads to marketshare"
  - ◆ Mentalspace is marketspace
  - ◆ Innovation in communications techniques for business
  - ◆ Power and impact of strong brands
- ◆ Opportunity to reinforce online with offline and visa versa
- ◆ Hybrid approaches to marketing communications

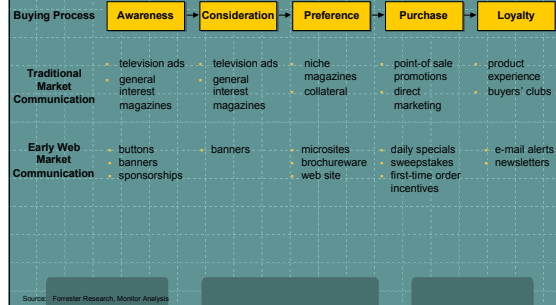
## Four Categories of Market Communication

- ◆ Offline communications
  - ◆ Television
  - ◆ Advertising
  - ◆ Promotions
  - ◆ Sales calls
- ◆ Types
  - ◆ General on-line
  - ◆ Personalized online
  - ◆ Traditional mass media
  - ◆ Direct communications

## Customer Decision Process and Market Communications

- ◆ Objectives of marketing communications and effects of communications model
  - ◆ Buying stages with prerequisites
  - ◆ Moving the customer through the buying process
  - ◆ Interactive process
- ◆ New Economy – shifts away from the process above
  - ◆ Buying Process
  - ◆ Awareness
  - ◆ Consideration
  - ◆ Preference
  - ◆ Purchase
  - ◆ Loyalty

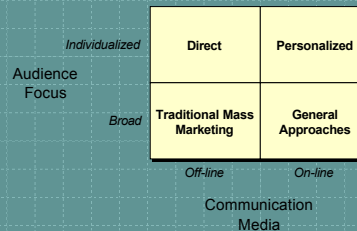
## Evolution of Customer Buying Process



## Framework for Online Marketing Communications

- ◆ Strategies
- ◆ Personalized, online communications
- ◆ General online approaches
- ◆ Traditional mass marketing
- ◆ Direct communications

## Framework for Marketing Communications

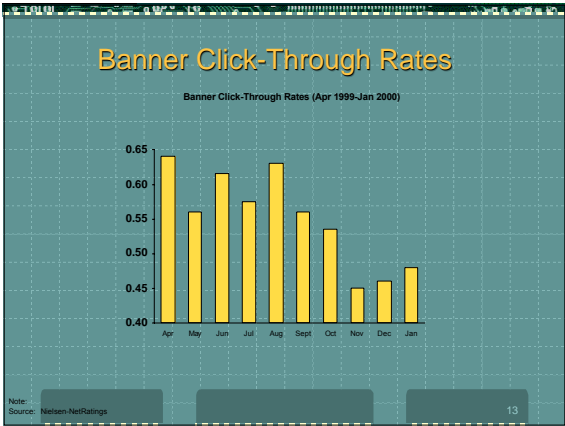


## Four Categories of Communications

- ◆ General Online Approaches
  - ◆ Banner ads
  - ◆ Impressions – gross exposures or ad views
  - ◆ Leads – viewer takes action
  - ◆ Sales – commissions to host

## Categories of Communications

- ◆ Click-throughs – clicking through to advertiser's site
- ◆ E-mail – low cost and simplicity
- ◆ Viral Marketing – product passed from user to user
- ◆ Sponsorship and exclusive partner agreements – portals aggressively push partner's product
- ◆ Affiliate programs
  - ◆ site direct users to e-commerce site, receiving commission
  - ◆ in time, e-commerce ends up owning user
- ◆ Partnerships –
  - ◆ select niche and provide services
  - ◆ receive exposure and business
  - ◆ reciprocating by promoting other site
- ◆ Innovative customer acquisition – ally and provide complementary service
- ◆ Provide information – establishing relationship, offering opportunities for more interaction
- ◆ Leveraging the customer base – performance in fulfilling orders allows expansion of business
- ◆ Brand building



### Quotes on On-Line Branding

- "E-branding is more important [than e-commerce]. And it must come first. Because few people will buy your stuff -- on-line or off -- unless you are top-of-mind." -- Annette Hamilton, Executive Producer, ZDNet
- "Brand is the price of entry [to the internet], not the winning strategy." -- Dylan Tweney, InfoNet
- "By the time your potential customers log on, they already know what they're looking for, and they often know from whom they want to buy it. . . They're just not listening to branding messages anymore." -- Michael Fischler, Principal of The Pubs Group
- "Brands stand as comfort anchors in the sea of confusion, fear and doubt. In dynamic markets, strong brands have more value than ever, precisely because of the speed with which these markets move." -- Chuck Pettis, Technobranding
- "It took more than 50 years for Coca-Cola to become a worldwide market leader, but only five years for on-line search engine Yahoo! to gain market dominance. The role of the brand has changed dramatically and has created a vacuum between off-line and on-line brands." -- Mark Lindstrom, Executive Director ZIVO
- "A company's web site IS the brand. It's the hub of consumer experience, the place where all aspects of a company, from its annual report to its products to its support, intersect. It's the company in a nutshell, all there in a way that just is not possible in the analog world." -- Sean Carton, Carton Donofrio Interactive

### Personalized Online Communications

- Strategies that center around each customer
- Create one-to-one marketing relationship with each customer
- Six primary personalized marketing forms
  - Permission Marketing
  - Personalized recommendations
  - Personalize advertisements
  - Personalized webpages
  - Cross and up sell opportunities
  - Personalized e-commerce stores

### Personalized Online Communications...

- Permission marketing
  - Establishing a mutually beneficial and trusting relationship between a firm and its customers
  - Relevant to customer from general to specific
- Personalized recommendations
  - Past purchases
  - Sites previewed
  - Survey information
- Personalized advertisements
  - Dynamically, in real-time
  - Include past behavior, time of day, page, recency/frequency search keywords
- Personalized e-commerce stores -- Use knowledge of Internet technology and customers

### Traditional and Direct Communications

- Traditional mass media communications
  - Television
  - Online advertising becoming less effective
- Direct communications
  - Classical business-to-business sales rep calling on accounts
  - Retail sales clerks
  - Telephone customer sales reps
  - Direct marketing -- mail system
  - Telemarketing -- increase sales, not for recognition

## Branding

- ◆ Necessary but not sufficient condition for success
- ◆ Maybe more important in online than offline environment
- ◆ Adds value in each step of the decision process
  - ◆ Pre-purchase (driving traffic to the site)
  - ◆ Purchase (erasing doubt)
  - ◆ Post-purchase (assurance)

## Do Strong Brands Matter On-Line?

-Brand is Essential	-Brand is Side-show
<ul style="list-style-type: none"> <li>◆ Flood of new entrants. Too many brands. Hence, need to build your presence.</li> <li>◆ Strong brands -- customers come to you vs. you chasing customers.</li> <li>◆ All winners currently have strong brands.</li> <li>◆ It is an "instant message" that contains a lot of associations.</li> <li>◆ Conversion rates. Clear brand associated with higher conversion rates.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Alliances lock-up the market. Considerably more important than brands.</li> <li>◆ Third-party evaluator sites decrease power of brand (e.g., bizrate.com).</li> <li>◆ But... we expect a lot of well-known brands will go "belly-up" (e.g. beyond.com, FreePC).</li> <li>◆ Speed is more important than brand. Need to build customer base.</li> <li>◆ Everything about customization. It is a "personal" brand experience.</li> </ul>

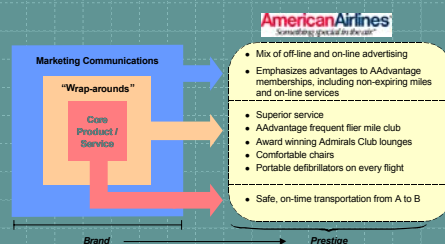
## What is a "Good" Brand?

- ◆ Branding basics
- ◆ Core product or service
- ◆ "Wrap-arounds" such as superior service, clubs, environment
- ◆ Communications
- ◆ A simple conceptual model of brand equity
  - ◆ The brand
  - ◆ Customer responses
  - ◆ Benefits

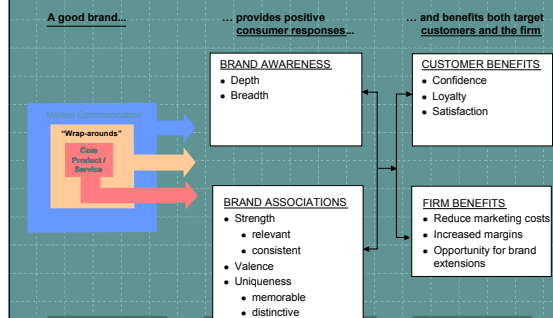
## What is a "Good" Brand?...

- ◆ Others
  - ◆ "A set of assets and (liabilities) linked to a brand's name and symbol "
  - ◆ Financial criteria - dollar value
  - ◆ Two key complements
    - Intermediate customer responses
    - Benefits to both the customer and the firm

## What Is a Good Brand?

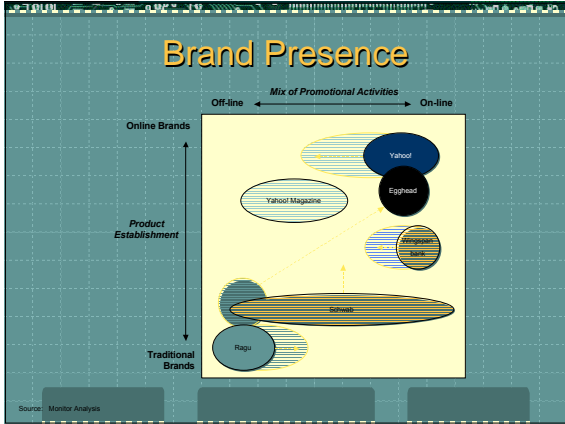


## A Simple Conceptual Model of Brand Equity



## Types of Brands

Traditional Brands	On-line Brands
<ul style="list-style-type: none"> <li>The product / service with which the brand is associated was established offline in the bricks-and-mortar world</li> </ul> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- The Gap</li> <li>- UPS</li> <li>- Dell</li> <li>- JCrew</li> <li>- McDonalds</li> <li>- OfficeMax</li> <li>- Ragu</li> <li>- Coca-Cola</li> <li>- Disney</li> </ul>	<ul style="list-style-type: none"> <li>The product / service with which the brand is associated was established in the online world</li> </ul> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- Amazon</li> <li>- Yahoo!</li> <li>- Chemdex</li> <li>- ZDNet</li> <li>- AOL</li> <li>- Priceline</li> <li>- CDNow</li> <li>- Wingspanbank</li> <li>- E-Trade</li> </ul>



- ## Three basic parts
- ◆ Brand
  - ◆ Customer responses – awareness and associations
  - ◆ Benefits – firm and target customers
- 

- ## Customer Responses and Brands
- ◆ Brand awareness
  - ◆ Brand associations
    - ◆ Strength – of association
    - ◆ Intensity of word, phrase, or brand meaning
    - ◆ Two criteria – relevancy and consistency
    - ◆ Valence – association is positive or negative
    - ◆ Uniqueness – positive or negative
  - ◆ Customer benefits
    - ◆ Confidence
    - ◆ Loyalty
    - ◆ Satisfaction with experience
  - ◆ Firm benefits
    - ◆ Revenue growth
    - ◆ Increased margins
    - ◆ Lower marketing costs

- ## Types of Brands
- ◆ Pure offline and online brands
  - ◆ Blurring of the distinction
  - ◆ Movement of mix of dimensions
    - ◆ Online vs. offline
    - ◆ Online brand vs. offline brand

- ## Building an On-Line Brand
- |                     |  |
|---------------------|--|
| Value Cluster       | <ol style="list-style-type: none"> <li>1. Clearly define the brand audience</li> <li>2. Understand the customer</li> <li>3. Identify key leverage points in customer experience</li> <li>4. Continually monitor competitors</li> <li>5. Design compelling and complete Brand Intent</li> <li>6. Execute with integrity</li> <li>7. Be consistent over time</li> <li>8. Establish feedback systems</li> <li>9. Be opportunistic</li> <li>10. Invest and be patient</li> </ol> |
| Integrated Campaign |  |

### Similarities and Differences in Off-Line vs. On-Line Branding

Branding Element	Off-line	On-line
1. Clearly define the brand audience	<ul style="list-style-type: none"> <li>Limited to manageable number of segments to prevent inconsistent messaging</li> </ul>	<ul style="list-style-type: none"> <li>Could include larger number of segments, with customer driven messages</li> </ul>
2. Understand the customer	<ul style="list-style-type: none"> <li>Requires understanding of environment, desired purchase and usage experience</li> </ul>	<ul style="list-style-type: none"> <li>Requires more thorough understanding of desired purchase and usage experience in an interactive environment</li> </ul>
3. Identify key leverage points in customer experience	<ul style="list-style-type: none"> <li>Buying process is typically a simplified representation of customer segment behavior with static leverage points</li> </ul>	<ul style="list-style-type: none"> <li>Buying process tends to be more dynamic and flexible</li> </ul>
4. Continually monitor competitors	<ul style="list-style-type: none"> <li>Requires monitoring of competitor advertisements &amp; activities</li> </ul>	<ul style="list-style-type: none"> <li>Competitor advertisements &amp; activities can be monitored online</li> </ul>
5. Design compelling and complete Brand Intent	<ul style="list-style-type: none"> <li>Brand intent (desired positioning) is designed to address the needs and beliefs of target segments</li> </ul>	<ul style="list-style-type: none"> <li>Greater opportunity for customization of key messages</li> </ul>

### Similarities and Differences in Off-Line vs. On-Line Branding, cont'd

Branding Element	Off-line	On-line
6. Execute with Integrity	<ul style="list-style-type: none"> <li>Strong, positive brands are built up over time</li> </ul>	<ul style="list-style-type: none"> <li>Online interactions bring in added concerns of security &amp; privacy</li> <li>Limited familiarity with on-line brands makes fostering trust more difficult</li> </ul>
7. Be consistent over time	<ul style="list-style-type: none"> <li>Brand intent guides marketing communications</li> <li>Image reinforced through variety of offline media</li> </ul>	<ul style="list-style-type: none"> <li>Brand intent guides marketing communications</li> <li>With the ability to customize, one customer's brand image may be different than another customer's brand image</li> </ul>
8. Establish feedback systems	<ul style="list-style-type: none"> <li>Collecting and analyzing customer feedback is more time consuming</li> </ul>	<ul style="list-style-type: none"> <li>Sophisticated tools exist for tracking online; allow for anonymous, interactive, quick feedback</li> </ul>
9. Be opportunistic	<ul style="list-style-type: none"> <li>Marketing strategy includes plan for sequenced growth and adjustment of brand based on changing customer needs</li> </ul>	<ul style="list-style-type: none"> <li>Customization for multiple segments and opportunity for early recognition of changing customer needs corresponding tailoring of brand intent</li> </ul>
10. Invest and be patient	<ul style="list-style-type: none"> <li>Building brand awareness requires significant investment</li> <li>Building brand loyalty takes time offline, especially because early customer receptivity to brands is difficult to assess (and usually involves market research)</li> </ul>	<ul style="list-style-type: none"> <li>Building brand awareness requires significant investment, especially for those competitors who are not first in their category online</li> <li>Brands have the potential to generate loyalty more quickly, especially if customers are targeted effectively</li> </ul>

## Branding Examples

- ◆ Coca Cola <http://www.cocacola.com>
- ◆ Cartier <http://www.cartier.com>
- ◆ Jaguar <http://www.jaguar.com>
- ◆ Beatles <http://www.beatles.com>
- ◆ Starwars <http://www.starwars.com>
- ◆ Tide <http://www.tide.com>
- ◆ Barbie <http://www.barbie.com>