PRAISE FOR

DING STRONG BRANDS

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on, Aaker extends the concepts put forth in *Managing Brand Equity*
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DI, Senior Vice President, Global Marketing,
ices, MasterCard International Incorporated

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ESCU, Chairman and Chief Executive Officer, Young & Rubicam Inc.

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PH.D., Former Senior Vice President, Global Marketing,
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, President and Chief Operating Officer, Chrysler Corporation

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Vice President, Director of Marketing, Intel Corporation

e strategic value of brands ... required reading for anyone who must
of their brands."
SZ, Senior Vice President, Lodging Brands, Marriott Lodging Group

ablished the baseline. This book builds on that solid foundation."
irman and Chief Executive Officer, Nestlé USA, Inc.

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BUSINESS/MANAGEMENT

AAKER BUILDING STRONG BRANDS

FREE PRESS

DAVID A. AAKER

BUILDING STRONG Brands

Author of MANAGING BRAND EQUITY

1

WHAT IS A STRONG BRAND?

What do you need to be the best?
Concentration. Discipline. A dream.
—Florence Griffith Joyner, Olympic gold medalist

An orange . . . is an orange . . . is an orange. Unless, or course, that orange happens to be a Sunkist, a name eighty percent of consumers know and trust.
—Russell L. Hanlin, CEO, Sunkist Growers

THE KODAK STORY

In the 1870s, a photographer's outfit included not only a large camera but also a sturdy tripod, glass plates, a big plate holder, a dark tent, a nitrate bath, and a water container.[1] You did not bring just a camera to take a picture; you brought the whole lab.

All this was to change, thanks to George Eastman. Eastman founded a company that has had major worldwide influence almost since its inception. To initiate and maintain an organization with such clout, Eastman required a variety of resources, including the intelligence to develop new processes, a good business sense, and a willingness to take risks. But it is unlikely that Eastman's success could have been achieved without his strong brand: Kodak.

Kodak, with its block letters and bright yellow background, has been used for over a hundred years to crystallize and communicate the essence of Eastman's products and organization. The brand (and the company it represents) survives today primarily because of four factors: a commitment to quality, the generation of awareness, the fostering of loyalty, and—most important—the development of a strong and clear brand identity.

Eastman's commitment to quality was evident even in his first product introduction. In the late 1870s, he developed a patent for a "dry" plate that promised to greatly simplify the photographic process. The Eastman plates soon became known for superior results, particularly in weak light and with long exposures. A year after their introduction, however, trouble with a component caused some plates to lose sensitivity. Eastman's financially risky insistence on recalling the plates reflected his understanding that product quality was the fastest route to customer satisfaction. It also helped to initiate customer associations between the Kodak brand and quality, associations that persist today.

For Eastman's company, quality also meant ease of use. Over the years Kodak was associated repeatedly with photography products that produced reliable results without much effort on the consumer's part. In 1888, Eastman began marketing a camera that made photography accessible to all, not just to the committed artist. The camera, which sold for twenty-five dollars, had none of the laboratory accessories usually associated with photography of the day: The

novice had only to "pull the cord, turn the key, and press the button." For another ten dollars the pictures would be developed and new film reloaded at a "modern," efficient facility in Rochester, New York.

One of Kodak's first ads, run in 1888, served to position the firm for the next century. It showed a picture of a hand holding a camera, with a headline written by Eastman: "You press the button, we do the rest" (see Figure 1–1). The camera delivered on the promise—and many Kodak products since have carried on in its spirit. The folding Kodak, introduced in 1890, was easier to carry and preceded the Kodak Brownie, a simple camera launched at the turn of the century that became the company's staple product for almost eighty years. More recently, the tradition has continued with the Instamatic (an easy-to-load camera with flash cubes), introduced in 1963, and the disposable Kodak FunSaver (which is returned to photofinishers, who process the film and recycle the camera), introduced in 1988.

One by-product of such consistent long-term quality and innovation was increased awareness of the Kodak name. Promotions, advertising, and a ubiquitous logo also did their part to build awareness for Kodak. In 1897, Kodak sponsored an amateur photographic competition in which twenty-five thousand people participated. In 1904, the company sponsored the Traveling Grand Kodak Exhibition of forty-one photographs. In 1920, it found scenic spots along highways and erected small "Picture Ahead!" road signs to alert motorists. The result of such efforts plus ongoing advertising campaigns has been to increase consumers' familiarity with the Kodak name and its yellow signature logo. Few people can see the Kodak symbols without the positive feelings that accompany the familiar, and one of the first things that come to mind when the subject of cameras, film, or family photos is raised is the word *Kodak*.

Kodak's strong awareness and presence worldwide can also be attributed to an early decision to distribute its products outside the United States. Only five years after the Kodak camera was introduced in the United States, a sales office was opened in London, and it was quickly followed by offices throughout Europe. In 1930, Kodak had 75 percent of the world market for photographic equipment and about 90 percent of the profit. This dominance has decreased very little over the years.

FIGURE 1–1
An 1888 Kodak Advertisement

Reprinted courtesy Eastman Kodak Company.

Kodak has a set of associations that provides a distinct image and the basis for a loyal relationship. The strong Kodak identity, backed by decades of products and marketing, can be summed up with two words: simplicity (supported primarily by product features) and family (supported primarily by marketing communications and visual imagery).

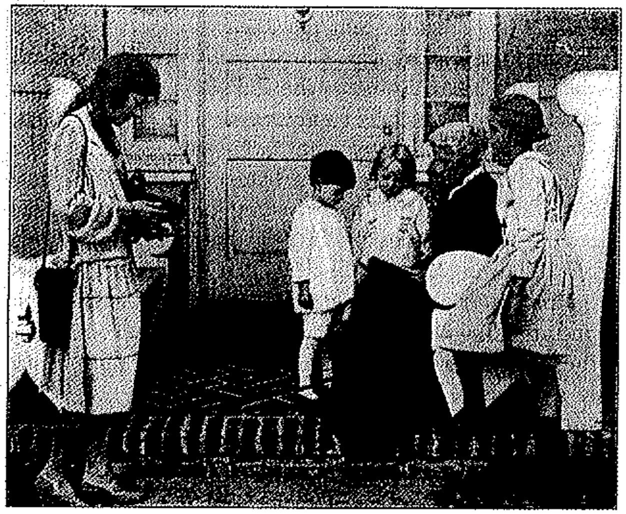
Around the turn of the century, Kodak introduced two characters—the Brownie boy and the Kodak girl—to represent its products. They created not only a sense that the camera was easy to operate (because even a child could use it), but also an association with children and family. Kodak's early advertisements showed settings that could be easily recorded on film, especially family scenes with children, dogs, and friends (see the 1922 advertisement in Figure 1–2). During the Kodak hour heard on radio in the 1930s, listeners might hear family photo albums described. A 1967 award-winning Kodak commercial featured a couple in their sixties cleaning the attic. They find a carton of old snapshots showing them in their twenties and in the years that followed—getting married, enjoying their honeymoon, having their first child, and attending the graduation of their son. The commercial ends with the woman, now a grandmother, running to grab an Instamatic to take a picture of her new grandchild.

Because of repeated marketing efforts like these—supported by an unmatchable set of quality products—consumers have come to view Kodak as a family friend who is always around to help enjoy the good times. This image has been a key factor in cementing customer loyalty for Kodak.

An indication of Kodak customer loyalty is the brand's resilience in the face of misfortune. For example, the Kodak Instant Camera (introduced in 1976 to compete with Polaroid) had captured one-third of the instant camera market after one year. However, the company was forced to discontinue the product in 1986 after a successful patent encroachment suit by Polaroid. Kodak's forced withdrawal of a product from a market it virtually owned is about as bad as it gets. Many brands would have been irrevocably tainted by such a calamity. The fact that Kodak survived this debacle is a tribute to its innate brand strength and to its handling of a painful situation. Every camera owner was invited to return their Kodak Instant Camera in exchange for either a Kodak Disk Camera and film, fifty dollars' worth of other Kodak products, or a share of Kodak stock. Kodak thus used the incident and the surrounding communication opportunities to reinforce Kodak associations and to support the Disk Camera.

Contexts change, though, even for Kodak. Its challenge for the next century is to stretch the Kodak brand name, known for traditional

FIGURE 1–2
Kodak 1922 Ad



Keep the story with a KODAK

Today it's a picture of Grandmother reading to the children. Tomorrow it may be Bobbie playing traffic policeman or Aunt Edna at the wheel of her new car or Brother Bill back from college for the week-end or—

There's always another story waiting for your Kodak.

Free at your dealer's or from us—"At Home with the Kodak," a well illustrated little book that will help in picture-making at your house.

Autographic Kodaks *$6.50 up*

Eastman Kodak Company, Rochester, N. Y. *The Kodak City*

Reprinted courtesy Eastman Kodak Company.

cameras and films, into the world of digital imagery, which is expected to become the company's prime business area. The Kodak name, with its tradition and connection with special times and family scenes, will need to adapt to an innovative, high-tech image to support products such as the Photo CD (which will store photographic images digitally and play them back on a computer) and the CopyPrint (which will instantly provide large copies from a print without a negative). This need to adapt, faced by a host of strong brands in different markets, is discussed in detail in Chapter 7.

Another problem faced by Kodak is aggressive price competition in the film business, coming in part from private-label (or "retail") brands. One Kodak response has been to offer three versions of its film: Royal Gold, a premium film for special events; GoldPlus, the everyday Kodak film; and FunTime, a lower-priced, seasonal brand targeted at bargain shoppers. The efforts of Kodak and other firms to move brands both up and down to react to deteriorating markets will be covered in Chapter 9.

Today, several studies suggest that Kodak is one of the world's strongest brands. In the film category, where the bulk of Kodak's sales and profits reside, the brand enjoys both a U.S. market share of around 60 percent and a substantial price premium over Fuji, its principal rival. In addition, Kodak is aggressively expanding its presence in the worldwide market, in which it holds a 40 percent share.

The Kodak story shows how brand equity can be created and managed. This chapter provides an overview of brand equity and, in so doing, expands on the conceptualization that was first offered in my book *Managing Brand Equity*. Although the conceptualization is the same, new research, case studies, and perspectives have been added. Chapter 1 also sets the stage for the key points that will be made in this book about building strong brands. The chapter's final section includes some observations about why it is so difficult to build strong brands in today's dynamic, competitive marketplaces.

WHAT IS BRAND EQUITY?

Brand equity is a set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a *product or service to a firm and/or that firm's customers. The major asset categories* are:

1. *Brand name awareness*
2. *Brand loyalty*
3. *Perceived quality*
4. *Brand associations*

Several aspects of the definition deserve elaboration. First, brand equity is a set of assets. Thus, the management of brand equity involves investment to create and enhance these assets. Figure 1–3, drawn from and discussed in *Managing Brand Equity*, provides a compact overview of how brand equity generates value. (Note that a fifth category of assets, other proprietary assets, is included for completeness in Figure 1–3. This category is meant to cover assets such as channel relationships and patents that are attached to the brand.)

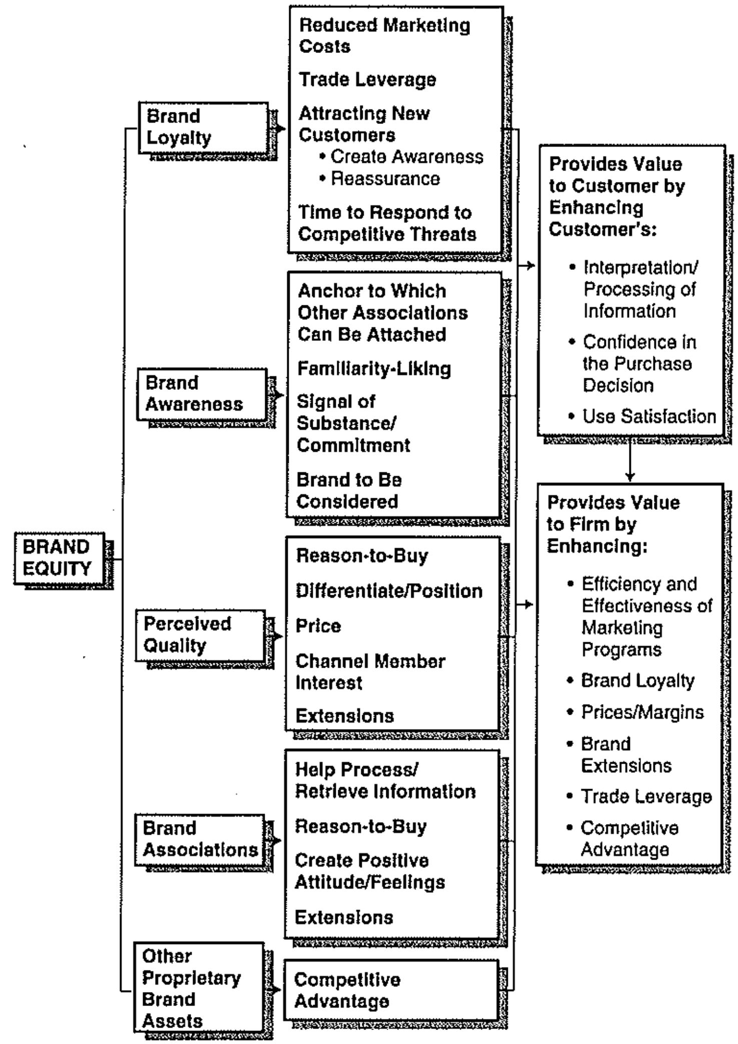
Second, each brand equity asset creates value in a variety of very different ways (seventeen are actually listed in the figure). In order to manage brand equity effectively and to make informed decisions about brand-building activities, it is important to be sensitive to the ways in which strong brands create value.

Third, brand equity creates value for the customer as well as the firm. The word customer refers to both end users and those at the infrastructure level. Thus, Hilton needs to be concerned with its image among not only consumers who travel, but also travel agents. And Coke's image among retailers—particularly its perceived customer acceptance—can be critical to market success.

Finally, for assets or liabilities to underlie brand equity, they must be linked to the name and symbol of the brand. If the brand's name or symbols should change, some or all of the assets or liabilities could be affected and even lost, although some might be shifted to the new name and symbol.

Several observations will be made below about each of the four principal brand asset categories that will serve to recap, extend, and update the extensive discussion that appeared in *Managing Brand Equity*. The intent is to provide an understanding about exactly how each category underlies brand equity.

FIGURE 1–3
How Brand Equity Generates Value



BRAND AWARENESS

Awareness refers to the strength of a brand's presence in the consumer's mind. If consumers' minds were full of mental billboards—each one depicting a single brand—then a brand's awareness would be reflected in the size of its billboard. Awareness is measured according to the different ways in which consumers remember a brand, ranging from recognition (Have you been exposed to this brand before?) to recall (What brands of this product class can you recall?) to "top of mind" (the first brand recalled) to dominant (the only brand recalled). As psychologists and economists have long understood, however, recognition and recall are signals of much more than just remembering a brand.

> **THE BRAND AS A MENTAL BOX**
>
> A brand such as Mr. Goodwrench is much like a "box" in someone's head. As information about GM service programs is received, a person will file it away in the box labeled Mr. Goodwrench. After time passes, little in the box might be retrievable. The person knows, however, if it is heavy or light. He or she also knows in which room it is stored—the room with the positive boxes (that is, objects that have earned positive feelings and attitudes) or the one with the negative boxes.

Brand Recognition: Familiarity and Liking

Recognition reflects familiarity gained from past exposure. Recognition does not necessarily involve remembering *where* the brand was encountered before, *why* it differs from other brands, or even *what* the brand's product class is. It is simply remembering that there was a past exposure to the brand.

Research in psychology has shown that recognition alone can result in more positive feelings toward nearly anything, whether it be music, people, words, or brands. Studies have demonstrated that, even with nonsense words (like "postryna" vs. "potastin" for example), consumers instinctively prefer an item they have previously seen to one that is new to them. Thus, when a brand choice is made—even when

the decision involves products like computers or advertising agencies—the familiar brand will have an edge.

In a study that dramatically demonstrated the power of a recognized brand name, respondents were asked to taste each of three samples of peanut butter.[2] One of these samples contained an unnamed superior (preferred in blind taste tests 70 percent of the time) peanut butter. Another contained an inferior (*not* preferred in taste tests) peanut butter labeled with a brand name known to the respondents but neither purchased nor used by them before. Remarkably, 73 percent of the respondents selected the brand-name (inferior) option as being the best-tasting peanut butter. Thus the fact that a name was recognized affected what should have been a very objective taste test, making the peanut butter with a known brand name seem to taste better.

Economists tell us that consumer affinity for the familiar brand is not just an instinctive response. When consumers see a brand and remember that they have seen it before (perhaps even several times), they realize that the company is spending money to support the brand. Since it is generally believed that companies will not spend money on bad products, consumers take their recognition as a "signal" that the brand is good. How a company can use such signaling to its advantage is illustrated by the "Intel Inside" program described in the boxed insert.

The familiarity factor can be especially important to the brand that has a familiarity handicap with respect to more visible and established competitors. In such a case, awareness-building may be necessary to reduce this liability.

Brand Recall and The Graveyard

A brand (for example, MetLife) is said to have recall if it comes to consumers' minds when its product class (for example, life insurance companies) is mentioned. Whether or not a customer recalls your brand can be the deciding factor in getting on a shopping list or receiving a chance to bid on a contract.

The relative power of recall (versus recognition) is shown in Figure 1–5, which depicts the "graveyard model" developed by Young and Rubicam Europe under the guidance of Jim Williams. In this model, brands in a product class are plotted on a recognition versus recall

INTEL INSIDE

Intel makes microprocessors, which are the heart of personal computers. Their successive product generations were called the 8086, 286, 386, and 486 microprocessors. Unfortunately, Intel did not obtain trademark protection on its numbering system, and thus the 386 and 486 names were available to competitors such as AMD, Chips and Technologies, and Cyrix who made their own chips and applied the X86 name to them.

Intel responded in 1991 by encouraging computer firms like IBM, Compaq, Gateway, and Dell to put the "Intel Inside" logo in their ads and on their packages. The enticement was a cooperative advertising allowance from Intel amounting to 3 percent of the companies' Intel purchases (5 percent if they used the logo on packaging). An Intel Inside ad is shown in Figure 1–4.

The campaign, which was initially budgeted at $100 million per year, worked on several levels. It generated more than ninety thousand pages of ads in an eighteen-month period, which translated to a potential 10 billion exposures. During that period, the recognition of Intel among business end users increased from 46 percent to 80 percent, the same level that Nutrasweet enjoyed among consumers after years of exposure of the Nutrasweet logo. The brand equity of Intel, as measured by the price discount needed to get a customer to accept a computer without an Intel microprocessor, appeared to be positively affected. During 1992, the first full year of the Intel Inside campaign, Intel's worldwide sales rose 63 percent.

Why should the Intel Inside program make a difference to consumers? No reason was provided as to why an Intel microprocessor was

graph. For example, the recall and recognition of each of twenty automobile brands could be measured, and these measurements could be used to position each brand on the graph. One finding consistent across dozens of product classes is that brands tend to follow the curved line shown in the figure. There are two exceptions, each of which reveals the importance of recall.

One exception is healthy niche brands, which fall below the line because they are not known to a substantial group of consumers, and therefore have relatively low overall recognition. But because they do

better. In fact, it is likely that many customers did not even know what a microprocessor was.

A customer's logic might have been something like this: Computer makers, including industry leaders like IBM and Compaq, are expending a lot of money and effort to tell me that Intel makes a part of this computer. These people are not dumb. Therefore the component must be an important one, and Intel must be a good supplier. I could do some research to determine what a microprocessor is and how much better Intel is than its competitors, or I could just pay a little more and get Intel. An easy decision—I will simply rely on the reassurance of the Intel brand name.

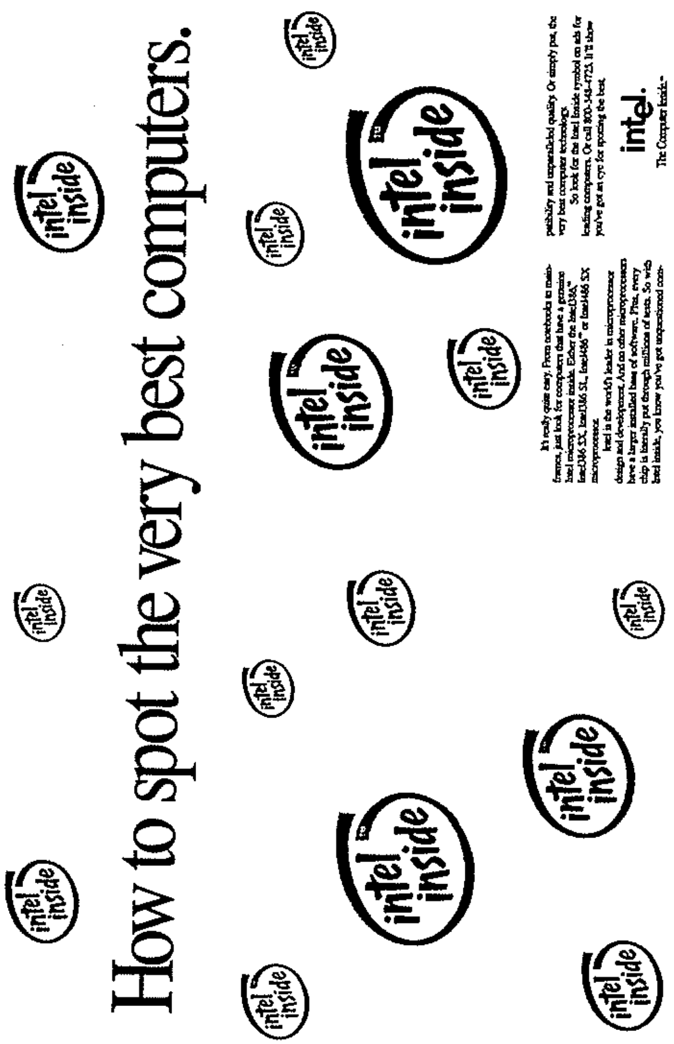
Interestingly, the Intel Inside campaign actually originated in Japan, where Matsushita used it as a way to build high-tech credibility for its computers. Japan is a country in which the prestige and visibility of corporate names is extremely important. By building up the Intel corporate name, Matsushita created credibility for itself.

(A postscript: The Pentium chip, which succeeded the 486 in late 1994, was found to make some arithmetic errors under certain conditions. Instead of immediately acknowledging the error and offering to replace the involved products—few customers may have actually gone through the bother—Intel claimed the problem was rare and could be ignored. Intel belatedly did adopt a customer-oriented return policy, but only after a storm of damaging protest from the press and the public. Because Intel's equity was based on awareness and the presumption that a customer did not have to know what happens "inside," the incident had considerable potential for damage. Although initial sales were not affected, recovering from the incident presents a challenge for Intel.)

have high recall among their respective loyal customer groups, their low recognition is not necessarily an indication of poor performance. And healthy niche players sometimes have the potential to expand recognition and thus the scope of their customer base.

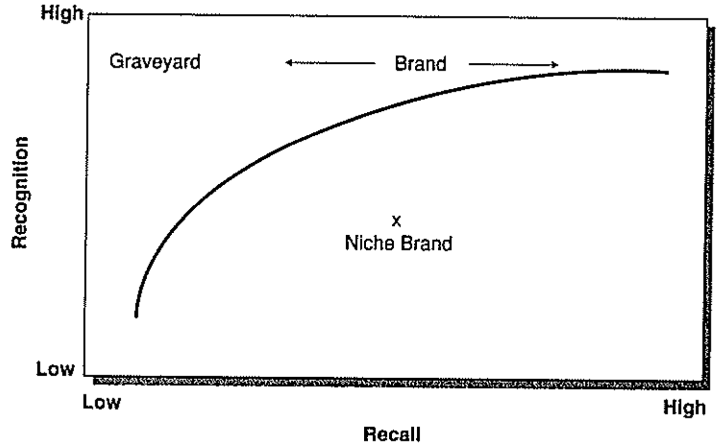
The second exception is the graveyard, an area in the upper-left-hand corner populated by brands with high recognition but low recall. Being in the graveyard can be deadly: Customers know about the brand, but it will not come to mind when considering a purchase. Breaking out of the graveyard can actually be hindered by high recog-

FIGURE 1–4
Intel Inside Ad



Reproduced with permission of Intel Corporation.

FIGURE 1–5
Recognition Versus Recall: The Graveyard Model



nition, because there is little reason for people to listen to a story (however new) about a familiar brand. One point of the graveyard model is that high recognition is not necessarily the mark of a strong brand—it is associated with weak ones as well.

The dynamics of brands located in the upper-middle or upper-right part of the figure can be important predictors of future brand health. Movement toward the graveyard is associated with sliding sales and market share. If, however, the brand is moving away from the graveyard, sales and market share can be expected to increase. Thus the graveyard model provides evidence that recall is as important as recognition.

Brand Name Dominance

The ultimate awareness level is brand name dominance where, in a recall task, most customers can only provide the name of a single brand—e.g., A-1 Steak Sauce, Kleenex, Xerox, Jell-O. Ironically, this ultimate success can be tragic if the brand name becomes such a common label for the product that it is not legally protectable and is lost. Such a fate occurred with Aspirin, Cellophane, Escalator, and Windsurfer.

In order to avoid losing a trademark, a firm should begin protecting it early in its life, starting with the selection of the name itself. Beware of descriptive names such as Windows because they become harder to distinguish from the generic product and thus harder to protect. Sometimes it is helpful and even necessary to create a generic name so that the brand does not become one. The generic name "copier" helped Xerox protect its trademark. Windsurfer belatedly attempted to create the term "sailboard" to mean the generic product. It is also important to be rigorous about how the brand name is used. Chrysler states that "Jeep is a registered trademark of Chrysler" and never allows the use of Jeep to describe a type of product.

Creating Awareness

Because consumers are bombarded every day by more and more marketing messages, the challenge of establishing recall and recognition—and doing so economically—is considerable. Two factors are likely to be increasingly important as firms struggle with this challenge.

First, given the resources required to create healthy awareness levels, a broad sales base is usually an enormous asset. It is expensive and often impossible to support brands with relatively small unit sales and a life measured in years instead of decades. For this reason, corporate brands such as General Electric, Hewlett-Packard, Honda, or Siemens have an advantage when it comes to building presence and awareness, because multiple businesses support the brand name. Firms are thus attempting to reduce the number of their brands in order to provide focus to brand-building efforts. (More on this subject and on the value of spreading brands over different businesses follows in Chapters 8 and 9.)

Second, in the coming decades, the firms that become skilled at operating outside the normal media channels—by using event promotions, sponsorships, publicity, sampling, and other attention-getting approaches—will be the most successful in building brand awareness. For example, WordPerfect created instant visibility and credibility in Europe for its word processing software by sponsoring one of the top three bicycle racing teams. Media coverage of the team, both during and outside the races, established WordPerfect as a recognized brand. A yellow race car sponsored by Kodak similarly created over a billion individual impressions in 1993.[3]

Getting consumers to recognize and recall your brand thus can considerably enhance brand equity. As will be emphasized throughout this book, however, simple recall, recognition, and familiarity are only part of the awareness challenge. "Just spell the name right," the classic dictum of old-time PR firms, will not suffice as a brand-building strategy. The strongest brands are managed not for general awareness, but for *strategic* awareness. It is one thing to be remembered; it is quite another to be remembered for the right reasons (and to avoid being remembered for the wrong reasons).

PERCEIVED QUALITY

Perceived quality is a brand association that is elevated to the status of a brand asset for several reasons:

- among all brand associations, only perceived quality has been shown to drive financial performance.
- perceived quality is often a major (if not the principal) strategic thrust of a business.
- perceived quality is linked to and often drives other aspects of how a brand is perceived.

Perceived Quality Drives Financial Performance

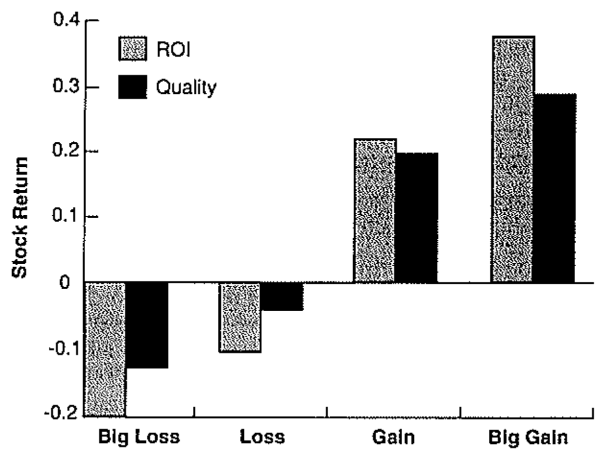
There is a pervasive thirst to show that investments in brand equity will pay off. Although linking financial performance to any intangible asset (whether it is people, information technology, or brand equity) is difficult, three studies have demonstrated that perceived quality does drive financial performance:

- Studies using the PIMS data base (annual data measuring more than one hundred variables for over 3,000 business units) have shown that perceived quality is the single most important contributor to a company's return on investment (ROI), having more impact than market share, R&D, or marketing expenditures.[4] Perceived quality contributes to profitability in part by enhancing prices and market share. The relationship holds for Kmart as well as Tiffany: Improve perceived quality, and ROI will improve.
- A five-year study of 77 firms in Sweden, conducted by Claes Fornell and his colleagues at the National Quality Research Center at the University of Michigan, revealed that perceived quality was a

major driver of customer satisfaction, which in turn had a major impact on ROI.[5]

- A study of 33 publicly traded firms over a four-year period showed that perceived quality (as measured by the EquiTrend method, which is described in Chapter 9) had an impact on stock return, the ultimate financial measure.[6] The study looked at American Express, AT&T, Avon, Citicorp, Coke, Kodak, Ford, Goodyear, IBM, Kellogg's, and 23 other firms for which the corporate brand drove a substantial amount of sales and profits. Figure 1–6 portrays the relative impact of changes in perceived quality and ROI on stock return. Remarkably, the impact of perceived quality was nearly as great as that of ROI (an acknowledged influence on stock return), even when the researchers controlled for advertising expenditures and awareness levels.

FIGURE 1–6
Stock Market Reaction to Changes in ROI and Perceived Quality



Perceived Quality as a Strategic Thrust

Perceived quality is a key strategic variable for many firms. Total quality management (TQM) or one of its relatives has been central to many firms for the past decade, and perceived quality is usually the end goal of TQM programs.

Many firms explicitly consider quality to be one of their primary values and include it in their mission statement. For example, one of the guiding principles put forth by IBM's president, Lou Gerstner, is an "overriding commitment to quality." In one study in which 250 business managers were asked to identify the sustainable competitive advantage of their firms, perceived quality was the most frequently named asset.[7]

Perceived quality is often the key positioning dimension for corporate brands (such as Toshiba or Ford) and other brands that range over product classes (such as Weight Watchers, Kraft, and store brands such as Safeway Select). Because these brands span product classes, they are less likely to be driven by functional benefits, and perceived quality is likely to play a larger role.

Further, for many brands perceived quality defines the competitive milieu and their own position within that milieu. Some brands are price brands, and others are prestige or premium brands. Within those categories, the perceived quality position is often the defining point of differentiation.

Perceived Quality as a Measure of "Brand Goodness"

Perceived quality is usually at the heart of what customers are buying, and in that sense, it is a bottom-line measure of the impact of a brand identity. More interesting, though, perceived quality reflects a measure of "goodness" that spreads over all elements of the brand like a thick syrup. Even when the brand identity is defined by functional benefits, most studies will show that perceptions about those benefits are closely related to perceived quality. When perceived quality improves, so generally do other elements of customers' perception of the brand.

Creating Perceptions of Quality

Achieving perceptions of quality is usually impossible unless the quality claim has substance. Generating high quality requires an understanding of what quality means to customer segments, as well as a supportive culture and a quality improvement process that will enable the organization to deliver quality products and services. Creating a quality product or service, however, is only a partial victory; perceptions must be created as well.

Perceived quality may differ from actual quality for a variety of reasons. First, consumers may be overly influenced by a previous image of poor quality. Because of this, they may not believe new claims, or they may not be willing to take the time to verify them. Suntory Old Whiskey, Audi automobiles, and Schlitz beer all found that making excellent products was not enough to erase consumer doubts raised by previously tarnished quality.[8] Thus it is critical to protect a brand from gaining a reputation for shoddy quality from which recovery is difficult and sometimes impossible.

Second, a company may be achieving quality on a dimension that consumers do not consider important. When Citibank dramatically increased back-office efficiency by automating its processing activities, the expected impact on customer evaluations was disappointing. Customers, it turned out, either did not notice the changes or did not recognize any benefit from them. There is a need to make sure that investments in quality occur in areas that will resonate with customers.

Third, consumers rarely have all the information necessary to make a rational and objective judgment on quality—and even if they do have the information, they may lack the time and motivation to process it. As a result, they rely on one or two cues that they associate with quality; the key to influencing perceived quality is understanding and managing these cues properly. Thus, it is important to understand the little things that consumers use as the basis for making a judgment of quality. If consumers kick a car's tires to judge its sturdiness, then the tires had better be sturdy.

Fourth, because consumers may not know how best to judge quality, they may be looking at the wrong cues. For example, jewelry stores that cater to first-time diamond buyers must educate consumers that quality is not necessarily reflected in price tags or carat claims. A metaphor or visual image can help consumers see the context in the right way.

THE BRAND AS A SHIP

A brand can be likened to a ship in a fleet facing an upcoming battle. This metaphor provides some insight into the brand management problem and the cast of characters. The brand manager is the captain of the ship, who must know where his or her ship is going and keep it on course. The other brands in the firm, like other ships in a fleet, need to be coordinated to achieve the maximum effectiveness. Competitors correspond to enemy ships; knowing their location, direction, and strength is critical to achieving strategic and tactical success. The perceptions and motivations of customers are like the winds: It is important to know their direction, their strength, and possible changes.

BRAND LOYALTY

Brand loyalty, the third brand asset category, is excluded from many conceptualizations of brand equity.[9] There are at least two reasons, however, why it is appropriate and useful to include it. First, a brand's value to a firm is largely created by the customer loyalty it commands. Second, considering loyalty as an asset encourages and justifies loyalty-building programs which then help create and enhance brand equity.

Loyalty and Brand Value

Brand loyalty is a key consideration when placing a value on a brand that is to be bought or sold, because a highly loyal customer base can be expected to generate a very predictable sales and profit stream. In fact, a brand without a loyal customer base usually is vulnerable or has value only in its potential to create loyal customers.

Further, the impact of brand loyalty on marketing costs is often substantial: It is simply much less costly to retain customers than to attract new ones. A common and expensive mistake is to seek growth by enticing new customers to the brand while neglecting existing ones. The loyalty of existing customers also represents a substantial entry barrier to competitors in part because the cost of enticing customers to change loyalties is often prohibitively expensive.

All organizations should estimate the value of their existing customers. The results are usually surprising and instructive. Reducing defections by just 5 percent generated 85 percent more profits in one bank's branch system, 50 percent more in an insurance brokerage, and 30 percent more in an auto-service chain.[10] At MBNA, a financial services company, it was estimated that a 5 percent increase in customer retention increased the company's profits by 60 percent by the fifth year.[11] At Club Med, one lost customer costs the company at least $2,400 in lost future business.[12] Credit card companies have found that newly acquired customers use the card slowly at first, but that in the second year the usage grows and the card becomes more profitable. A similar trend was found in more than one hundred companies in two dozen industries.[13] For one industrial distributor, net sales per account continue to rise into the nineteenth year of the relationship.

Loyalty Segmentation

A focus on loyalty segmentation provides strategic and tactical insights that will assist in building strong brands. A market can usually be divided into the following groups: noncustomers (those who buy competitor brands or are not product class users), price switchers (those who are price-sensitive), the passively loyal (those who buy out of habit rather than reason), fence sitters (those who are indifferent between two or more brands), and the committed. The challenge is to improve the brand's loyalty profile: to increase the number of customers who are not price switchers, to strengthen the fence sitters' and committed's ties to the brand, and to increase the number who would pay more (or endure some inconvenience) to use the brand or service. Two segments in which firms often underinvest are the passively loyals and the committed customers.

The passively loyal customer is often neglected or taken for granted. Active management of this segment does not really involve identity building; rather, it requires efforts to avoid distribution gaps or out-of-stocks that might precipitate a decision to switch brands. It also means having the sizes, colors, or flavors that might be desired, even though providing a wide line may seem economically unattractive. The appropriate analysis of line breadth needs to include the impact upon the habitual behavior of the passively loyal segment.

At the other extreme are the committed or highly loyal customers. Firms also tend to take this group for granted. Yet there may be a significant potential to increase business from the very loyal. For example, the loyal Marriott customer might be encouraged to select Marriott even more often with an improved portfolio of business support services such as fax machines in rooms. Further, there is a risk that loyal customers can be enticed away by a competitor if the performance of the product or service is not improved. For these reasons, firms should avoid diverting resources from the loyal core to the noncustomers and price switchers.

Enhancing Loyalty

One approach to enhancing the loyalty of fence sitters and the committed is to develop or strengthen their relationship with the brand. Brand awareness, perceived quality, and an effective, clear brand identity can contribute to this goal. Increasingly, however, programs that can build loyalty more directly are becoming important and even critical in many product classes. Included among these are frequent-buyer programs and customer clubs.

Frequent-Buyer Programs

Frequent-buyer programs, which were pioneered by airlines (United Airlines' Mileage Plus, American Airlines' Advantage, and British Airways' Frequent Traveler programs) are now being adapted by a host of brands in a variety of product classes, including books (Waldenbooks Preferred Reader), hotels (Hilton Senior Honors Frequent Traveler Program), fast food (Burger King Frequent Customers Club), parking (Park-n-Fly Reward) and even cars. The GM MasterCard, launched in 1992, provides customers with a rebate on the purchase of a GM car or truck (excluding Saturn) equal to 5 percent of their credit card purchases. After the first year and a half, GM had sold 140,000 cars and trucks to these buyers and had issued more than 12 million cards.

A frequent-buyer program provides direct and tangible reinforcement for loyal behavior. Not only do such programs enhance the value proposition of a brand and often its point of differentiation as well, they also affirm the commitment that the firm is making to loyal customers. It is clear that their loyalty is not taken for granted.

Customer Clubs

A potentially more intense loyalty level can be precipitated by customer clubs. Kids who joined the Nintendo Fun Club (and received newsletters and access to on-call advisers), for example, were rabid Nintendo users and the heart of the firm's early success. Claridge Hotel and Casino has without question increased the intensity of customer loyalty with its 350,000-member Claridge CompCard Gold club. The club's members receive discounts, news of upcoming events, and special offers ranging from monogrammed bathrobes to door-to-door limo service. Apple Computer users groups provide support and assistance, as well as the chance for customers to express their interest in computers and their loyalty to Apple.

The Casa Buitoni Club played a key role in establishing Nestlé's Buitoni brand of Italian food in the United Kingdom. Members received a regular full-color newsletter with editorials about Tuscany and Italy, information about the lifestyle of Italians, pasta recipes, and discount vouchers. Membership benefits also included a toll-free line for cooking advice, chances to win an invitation to visit the original Casa Buitoni villa in Tuscany, cookery weekends, opportunities to sample new products, and numerous suggestions as to how members could create their own events.

Like the frequent-buyer programs, a customer club provides visible evidence that the firm really cares about its clientele. While the frequent-buyer program is somewhat passive and inclusive, however, a customer club is potentially more involving. The customer club provides a vehicle by which the customer can identify with the brand, express his or her brand perceptions and attitude, and experience the sharing of a brand relationship with like-minded people.

Database Marketing

A by-product of frequent-buyer programs and clubs, customer data can be used for database marketing targeted at narrow, focused segments. News about new products and special promotions can be tailored to those segments most likely to respond. Targeted customers will feel the firm is connecting with them individually, and the brand-customer relationship will become stronger.

For example, Beverages & More! is a retail chain that offers a huge selection of wines, beers, liquors, and drink complements. Each customer is invited to be a member of "Club Bev" and is given a card that is used to track all purchases. In addition to a newsletter and a frequent-buyer program, customers receive personal notification of special purchases, products, or events that are relevant to people with their purchase profile. In addition to matching products to customers, the interaction pattern shows that the store is involved enough to care about the interests of each individual customer.

BRAND ASSOCIATIONS

Managing Brand Equity emphasized that brand equity is supported in great part by the associations that consumers make with a brand. These associations might include product attributes, a celebrity spokesperson, or a particular symbol. Brand associations are driven by the brand identity—what the organization wants the brand to stand for in the customer's mind. A key to building strong brands, then, is to develop and implement a brand identity.

One of the goals of this book is to expand the concept of brand identity. A common pitfall is to focus on the product attributes and tangible functional benefits of a brand. Chapter 3, in which brand identity is formally defined and discussed, encourages strategists to expand their concept of brand identity by (1) considering emotional and self-expressive benefits as well as functional benefits, and (2) employing four brand identity perspectives: the brand-as-product, the brand-as-organization (covered in detail in Chapter 4), the brand-as-person (the subject of chapter 5), and the brand-as-symbol. Chapter 6 covers the brand identity implementation process and introduces strategic brand analysis and brand positioning. Chapter 7 discusses the delicate problems of managing brand associations over time.

OBJECTIVES OF THE BOOK

There are several objectives motivating this book. One, just discussed, is to develop the concept of brand identity: How can you create an identity that is clear, connects with the customer, can be implemented so that its potential is realized, and is rich enough to provide guidance to those implementing it? How do you manage it over time in the face of a shifting environment and changing competitors and customers? Chapters 3, 4, 5, 6, and 7 will address these questions.

A second objective is to move beyond the management of a brand to the management of brand systems. Most organizations need to manage not only multiple brands but also large varieties of sub-brands, ingredient brands, brand extensions, co-brands, and branded services. Further, each brand can take on different roles, which vary from simply being an endorser (such as Marriott's role in "Fairfield by Marriott") to playing a driver role (that is, being the brand that will drive the purchase decision). Management of brand systems involves determining the roles that brands play and understanding how they relate to and impact each other. Chapters 8 and 9 will sort out these issues.

A third objective of the book is to address the critical measurement issue. How do you measure brand equity, especially across product classes and markets? Several major efforts to do just that will be described in Chapter 10.

A fourth objective is to consider how to develop organizational forms and structures that will be effective at building brands. A variety of approaches will be discussed in Chapter 11.

The overall goal of this book is to help managers build strong brands. Because knowing the terrain is indispensable to traversing it successfully, it is useful to understand why this task is hard and what pressures the brand builder must face. Therefore, I now turn to a general discussion of why it is hard to build brands.

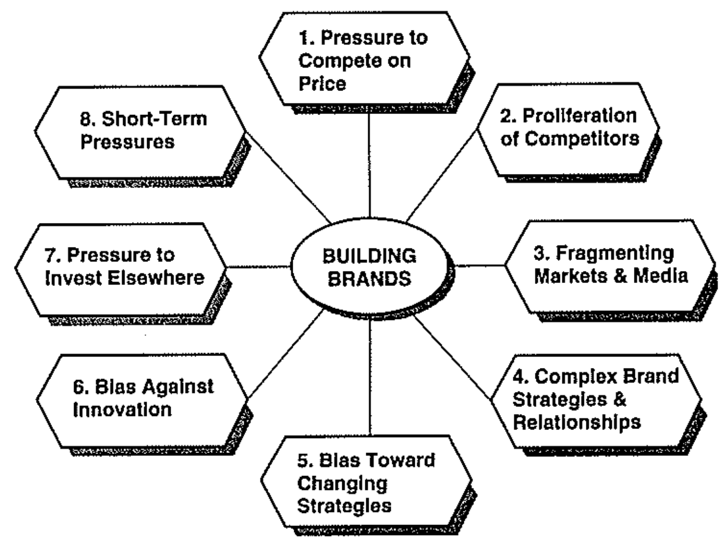
BUILDING STRONG BRANDS: WHY IS IT HARD?

It is not easy to build brands in today's environment. The brand builder who attempts to develop a strong brand is like a golfer playing on a course with heavy roughs, deep sandtraps, sharp doglegs, and vast water barriers. It is difficult to score well in such conditions. The brand builder can be inhibited by substantial pressures and barriers, both internal and external. To be able to develop effective brand strategies, it is useful to understand these pressures and barriers.

Toward that end, eight different factors (shown in Figure 1–7) that make it difficult to build brands will be discussed. The first, pressure to compete on price, directly affects the motivation to build brands. The second reason, the proliferation of competitors, reduces the positioning options available and makes implementation less effective. The third and fourth reasons, the fragmentation in media and markets and the involvement of multiple brands and products, describe the context of building brands today, a context that involves a growing level of complexity.

The remaining reasons reflect internal pressures that inhibit brand building. The fifth reason, the temptation to change a sound brand strategy, is particularly insidious because it is the management equivalent of shooting yourself in the foot. The sixth and seventh reasons, the organizational bias against innovation and the pressure to invest elsewhere, are special problems facing strong brands. They can be caused by arrogance but are more often caused by complacency coupled with pride and/or greed. The final reason is the pressure for short-term results that pervades organizations. The irony is that many of the formidable problems facing brand builders today are

FIGURE 1–7
Why Is It Hard to Build Brands?



caused by internal forces and biases that are under the control of the organization.

The fact that many brands fail to reach their potential or maintain their equity is neither surprising nor puzzling when the various pressures against building strong brands are examined. The real curiosity may be that strong brands exist at all in the face of these pressures.

1. Pressure to Compete on Price

There are enormous pressures on nearly all firms to engage in price competition. In industry after industry—from computers to cars to frozen dinners to airlines to soft drinks—the picture in today's market is the same: Price competition is at center stage, driven by the power of strong retailers, value-sensitive customers, reduced category growth, and overcapacity (often caused by new entrants and by old competitors hanging on, sometimes via bankruptcy).

In presentations on brand equity, I often ask executives to raise their hand if their industry is one in which brutal price competition is not the norm or becoming the norm. Of the thousands of executives who have attended these presentations, only one person has ever held up his hand—the director of the Panama Canal!

Retailers have become stronger year by year, and they have used that strength to put pressure on prices. Whereas a decade ago, information was largely controlled by the manufacturer, retailers are now collecting vast amounts of information and developing models to use it. As a result, there is an increasing focus on margins and efficient use of space. Suppliers, particularly those in the third or fourth market-share position with only modest loyalty levels, are exposed to harsh pressure to provide price concessions.

A decade ago, private-label brands were largely limited to low-quality, low-price products unsupported by effective packaging or marketing. Given these characteristics, they enjoyed only temporary sales spurts during recessionary times. No more. While still offering so-called price brands, retailers are also increasingly offering private-label brands at the high end of the business. Such brands are competitive with national brands in quality and marketing support but have substantial cost advantages—in part because the cost of the brand management team, sales force, and advertising is lower and can be spread over hundreds of product classes and in part because of logistical advantages. The result is more price pressure.

Sales promotion is both a driver and an indicator of the price focus. In the 1950s, about 10 percent of the communication mix was devoted to price promotions. Those were the days: Distribution was simple, retailers were concerned with building new stores rather than squeezing margins, and markets were growing. Today, more than 75 percent of the advertising/promotion dollars in the United States are going to promotion.

These market realities imply that *the* key success factor is low cost. Organizations must reduce overhead, trim staff, downsize, and cut all unnecessary expenditures. What, then, happens to the people who support the brand with market research or other brand-building activities? They are vulnerable to the organization's new cost culture. Also vulnerable are investments in brand equity, which come out of precious margin dollars.

2. Proliferation of Competitors

New, vigorous competitors come from a variety of sources. A host of food categories have watched Weight Watchers and Healthy Choice enter their markets through brand extension strategies. In the snack category, Frito-Lay has seen regional brands expand and Budweiser's Eagle brand break out of its niche to become a major competitor. The soft drink market has been encroached on by new product forms that provide real alternatives for the customer: bottled water, carbonated water, fruit-based drinks, and "new age" drinks, among others.

Additional competitors not only contribute to price pressure and brand complexity, but also make it much harder to gain and hold a position. They leave fewer holes in the market to exploit and fewer implementation vehicles to own. Each brand tends to be positioned more narrowly, the target markets become smaller, and the nontarget market becomes larger. Efforts to market to a broad segment thus become more difficult in the face of the complex "brandscape." Further, some new or desperate competitors may be motivated to take risks or attempt unusual approaches. The result can be destabilization of the competitive dynamics. There is also an enhanced motivation to copy anything that is successful, in part because the risks of copying are offset by the difficulty of coming up with brilliant new alternatives.

3. Fragmenting Markets and Media

At one time, being consistent across media and markets was easy. There were a limited number of media options and only a few national media vehicles. Mass markets were the norm, and microsegmentation did not exist. Brand managers now face a very different environment, one in which it is difficult to achieve the consistency that is needed to build and maintain strong brands.

The bewildering array of media options today includes interactive television, advertising on the Internet, direct marketing, and event sponsorship, and more are being invented daily. Coordinating messages across these media without weakening the brand is a real challenge, especially when promotional vehicles are included in the mix. A promotion involving a giveaway or a price reduction that "rings the bell" (that is, results in a noticeable sales spike), for example, may be inconsistent with a brand identity based upon quality because it signals that the brand needs to lower price to gain sales. Pressure to include promotions (such as the couponing used by packaged-goods brands or the cash rebates used by automobile firms) makes it difficult to keep the brand-building effort on track.

Coordination is all the more difficult because different brand-support activities are often handled by different organizations and individuals with varying perspectives and goals. When advertising, public relations, event sponsorship, promotions, trade shows, event stores,[14] direct marketing, package design, corporate identity, and direct mail for a single brand are handled by separate organizations, each with direct influence on the brand—and even worse, when the firm's internal organization mirrors this diversity in order to interface with these various players—conflict and lack of coordination must be anticipated.

In addition, companies are dividing the population into smaller and more refined target markets, often reaching them with specialized media and distribution channels. It is temptating to develop different brand identities for some or all of these new target segments. Developing and managing multiple identities for the same brand, however, presents problems for both the brand and the customer. Since media audiences invariably overlap, customers are likely to be exposed to more than one identity relating to the same brand.

Consider the problem of a mature Dewar's Scotch consumer, accustomed to the brand's traditional advertising, who encounters the firm's advertisements geared for younger Scotch drinkers. Or think of the potential confusion of a prestige-oriented shopper, accustomed to seeing Saks Fifth Avenue advertisements in fine fashion magazines, who one day sees a newspaper advertisement for a Saks discount outlet. The more numerous and diverse a brand's images are, the more difficult it is to coordinate them in support of a strong brand.

4. Complex Brand Strategies and Relationships

There was a time, not too long ago, when a brand was a clear, singular entity. Kraft and Oscar Mayer, for example, were brand names that simply needed to be defined, established, and nurtured. Today, the situation is far different. There are subbrands (such as Kraft Free Singles and Oscar Mayer Zappetites) and brand extensions (such as Kraft Miracle Whip). There are ingredient brands (such as Hershey's chocolate syrup in Pillsbury's Deluxe Chocolate Brownies), endorser brands (such as the role of Kellogg's in Kellogg's Rice Krispies), and corporate brands (such as General Electric). The Coke logo can be found on a dozen products, including Diet Cherry Coke, Caffeine Free Diet Coke, and Coke Classic—and it doesn't stop there. In the grocery store, Coke is a product brand; at sporting events, it's a sponsoring brand; and in the communities where its bottling plants operate, Coke is a corporate brand.

This complexity makes building and managing brands difficult. In addition to knowing its identity, each brand needs to understand its role in each context in which it is involved. Further, the relationships between brands (and subbrands) must be clarified both strategically and with respect to customer perceptions. Chapters 8 and 9 delve into these murky issues.

Why is this brand complexity emerging? The market fragmentation and brand proliferation mentioned above have occurred because a new market or product often leads to a new brand or subbrand. Another driving force is cost: There is a tendency to use established brands in different contexts and roles because establishing a totally new brand is now so expensive. The resulting new levels of complexity often are not anticipated or even acknowledged until there is a substantial problem.

5. Bias Toward Changing Strategies

There are sometimes overwhelming internal pressures to change a brand identity and/or its execution while it is still effective, or even before it achieves its potential. The resulting changes can undercut brand equity or prevent it from being established. Most strong brands, such as Marlboro, Volvo, and Motel 6, have one characteristic in common: Each developed a clear identity that went virtually unchanged for a very long time. The norm is to change, however, and thus powerful identities supported by clear visual imagery never get developed. Chapter 7 discusses the benefits of consistency over time and why it is difficult to achieve.

6. Bias Against Innovation

While there may be a bias toward changing a brand identity or its execution, a psychic and capital investment in the status quo often prevents true innovation in products or services. There is an incentive to keep the competitive battleground static; any change not only would be costly and risky but could cause prior investment to have a much reduced return (or even make it obsolete). The result is a vulnerability to aggressive competitors that may come from outside the industry with little to lose and none of the inhibitions with which industry participants are burdened.

Companies managing an established brand can be so pleased by past and current success, and so preoccupied with day-to-day problems, that they become blind to changes in the competitive situation. By ignoring or minimizing fundamental changes in the market or potential technological breakthroughs, managers leave their brands vulnerable and risk missing opportunities. A new competitor thus is often the source and the beneficiary of true innovation.

Consider Weight Watchers, one of the great brand success stories of the 1980s. Building on its association with professional weight control, Weight Watchers created a $1.5 billion business by investing in

products, packaging, and advertising with a single-minded vision. But in the late 1980s, consumer interest in weight control was eclipsed by a broader concern about a healthy diet. Along came Healthy Choice (whose story is told in Chapter 9), a brand designed to address this new market paradigm. Why didn't this health-oriented innovation come from Weight Watchers, a company with many resources and a better knowledge of the market? A major reason was that the Weight Watchers brand was already a money machine, and the company didn't want to dilute it by investing in a new and different market position.

There are countless examples of strong brands that neither saw nor responded to opportunities, then watched competitors innovate and attack the core of their equity. In Japan, Kirin beer saw four decades of 60 percent share fall abruptly to below 50 percent when Asahi Dry became a hit product. Why wasn't Kirin the innovator instead of Asahi? It is likely that Kirin, being pleased with the status quo, saw no reason to look for major disruptive changes in the beer category.

7. Pressure to Invest Elsewhere: The Sins of Complacency and Greed

A position of great brand strength is also a potential strategic problem, because it attracts both complacency and greed. When a brand is strong, there is a temptation to reduce investment in the core business area in order to improve short-term performance or to fund a new business diversification. There is an often-mistaken belief that the brand will not be damaged by sharp reductions in support, and that the other investment opportunities are more attractive. Ironically, the diversification that attracts these resources is often flawed because an acquired business was overvalued, or because the organization's ability to manage a different business area was overestimated.

Xerox may be the prototypical example of a dominant brand that lost its position because of an inadequate commitment to the core business. In the 1960s, Xerox virtually owned the copier industry; its market share was literally 100 percent. Barriers to entry included a dominant brand name, a strong set of patents, and a huge customer base committed to a leasing program and service organization. Instead of sticking with its strengths and defending either the low end by attacking costs or the high end by developing new technologies, Xerox diverted resources into an "office of the future" concept. As a result, the company was blindsided by Savin, Kodak, and Canon, who entered the industry with innovative, superior, and often less expensive products. While there are many reasons why Xerox lost position in the 1970s, one key explanation is the brand's strong equity, which engendered complacency and a temptation to look for greener pastures.

8. Short-Term Pressures

Pressures for short-term results undermine investments in brands, especially in the United States. Sony founder Akio Morita has opined that most U.S. corporate managers unduly emphasize quick profits rather than try to make products competitive over the long haul. And the MIT Commission on Productivity, after studying firms in eight major industrial sectors (including textiles, steel, consumer electronics, aircraft, and automobiles), concluded that an excessive preoccupation with immediate profit at the expense of longer-term opportunities is a major factor responsible for the declining competitiveness of American businesses relative to Japanese and European firms.[15]

There are several reasons why a short-term focus might persist among U.S. executives. First, there is wide acceptance in the United States that maximization of stockholder value should be the overriding objective of the firm. This acceptance is coupled with a perception that shareholders are inordinately influenced by quarterly earnings—partly because they lack the information and insight to understand the firm's strategic vision, and partly because they cannot evaluate intangible assets. As a result, managers are motivated to make current performance look good.

Second, management style itself is dominated by a short-term orientation. Annual budgeting systems usually emphasize short-term sales, costs, and profits. As a result, brand-building programs are often sacrificed in order to meet these targets. Planning is too often an exercise in spreadsheet manipulation of short-term financial data rather than strategic thinking. In addition, because U.S. firms tend to rotate managers through the organization, the long term becomes much less important than current results to career paths. Managers feel pressure to perform—to "turn it around" quickly and visibly.

Third, a short-term focus is created by the performance measures available. Measurements of intangible assets such as brand equity, information technology, or people are elusive at best. The long-term value of activities that will enhance or erode brand equity, for example, is difficult to convincingly demonstrate, in part because the marketplace is "noisy" and in part because experiments covering multiple years are very expensive. In sharp contrast, short-term performance measurements are ever more refined, timely, and detailed. The short-term impact of promotions, for example, can be demonstrated with scanner data. The resulting situation is a bit like the drunk who looks for his or her car keys under a street light because the light is better there than where the keys were lost.

The net outcome is a sometimes debilitating bias toward short-term results. This bias translates into a need to demonstrate with hard sales, share, or cost numbers that expenditures pay off. In that context, it becomes difficult to justify investments in intangible assets (like brands, people, or information technology) which lack a demonstrable short-term payoff. As a result, these investments are often forgone and the organization becomes weak at the core, lacking such assets when they are needed.

Building Brands: Difficult, Feasible, and Necessary

It is true that building brands is difficult. But it is doable, as is evidenced by those who have done so. The next chapter, which is about Saturn, describes a brand-building success story in one of the most hostile contexts that exists: the U.S. automobile market, with excess capacity, many competitors, a fragmented market, and an increasingly strong price focus. This story demonstrates that it is possible to build, maintain, and manage the four assets that underlie brand equity—awareness, perceived quality, brand loyalty, and brand association.

One key to successful brand-building is to understand how to develop a brand identity—to know what the brand stands for and to effectively express that identity. The five chapters that follow the Saturn story discuss brand identity and its management over time. The book then moves to consider a brand systems perspective—how to manage a set of brands to generate synergy instead of destructive confusion.

Another key to brand-building success is to manage internal forces and pressures. The need is to recognize organizational biases against true innovation and toward diversification, short-term results, and frequent changes in brand identity/execution and then to counter those pressures by developing conceptual models and measurements that support a brand-building culture and policies. Chapter 10 will cover measurement, and Chapter 11 will directly address how an organization can be structured to deal with the problems and pressures facing those who would build and maintain brands.

QUESTIONS TO CONSIDER

1. What is the level of recognition and recall for your brand? Is it moving toward or away from the graveyard? What can be done to improve awareness? What are others doing?
2. Evaluate the perceived quality for your brand and for its major competitor brands. Are you satisfied with the actual quality levels? What are the important quality cues? How could the quality message be better communicated?
3. What are the brand loyalty levels of your customers by segment? How could loyalty be enhanced? What are competitors doing to improve loyalty?
4. How are the major competitors perceived by customers? What associations is each trying to create? What is the desired image of your brand? Is the brand and the communication effort consistent with that image?
5. Are there internal pressures that work against brand building—pressures against true innovation and toward short-term results, diversification, and frequent changes in brand identity/execution? Assess each. What organizational device can combat those pressures? Is the brand environment hostile? How can brand building proceed in such a context?