

# Creating Powerful Brands

## in Consumer, Service and Industrial Markets

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**Third Edition**

Leslie de Chernatony

and

Malcolm McDonald

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This book is dedicated with love to  
Carolyn, Gemma and Russell

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He has written thirty seven books, including the best seller 'Marketing Plans; how to prepare them; how to use them' along with many papers.

His current interests centre around the use of information technology in advanced marketing processes.



# Preface

This book was conceived as a consequence of research the lead author started in 1983 and which has continued ever since. With a firm belief in the strategic importance of brands, we started to work together during the early 1990s and the first edition of *Creating Powerful Brands* appeared in 1992. That edition brought home the importance of brand management to many managers and Business School students. Our on-going research, consultancy projects, and executive development workshops across different continents enabled us to augment the material. Encouraged by the kind comments from readers we revised the book, resulting in the second edition in 1998.

Since then brands have faced even more challenging times. Visionary managers navigated these valuable intangible assets through even stormier conditions, rightly convinced that reinforcing their brands' core values and fine tuning their enactment to keep them relevant to dynamic stakeholders would result in their growth. To succeed though necessitated many brave organizations experimenting with new ideas. Testing times surfaced new ideas and new frameworks to more creatively grow brands. The advent and widespread adoption of PCs to capitalize on the opportunities from the Internet again raised question about the future of brands.

Our research and close interactions with managers exposed us to evolving ideas. With the advancement in knowledge about more effective brand stewardship, we thought it appropriate to revisit this text. As our patient families will attest, one doesn't embark lightly on revising a book without an appreciation of the time this demands. Stimulated by the positive feedback from readers using the ideas in earlier editions, and aware of the way that this book has become a standard text, used by many institutions throughout the world, we began the process of producing a new edition.

One of the early questions we faced was whether the structure of the text was still appropriate for the changing environment. Our conclusion is that the structure is still sound as it logically moves from laying the foundations of brand management which can then be applied in different sectors, enabling organizations to beat competitors in the branding battle.

The purpose of the book is to clarify the concept of brands and to help plan for their growth. To satisfy this aim we have gone through every chapter and incorporated new material. All of the

advertisements have been revisited, with a new array of brand advertisements employed. We have also introduced a new chapter that considers the challenge of branding on the Internet. Each chapter benefits from the incorporation of new research and a broader list of recommended readings.

Frequent interactions with managers in workshops made it clear that they wanted grounded, pragmatic frameworks that enables them to better characterize their brands and develop sound strategies for growth. The use of this text on our MBA, MSc and undergraduate programmes showed that they needed to have a solid foundation in brand management which gives them insights to powerful models. This book bridges the requirements of managers and students. Powerful branding theories are not just well grounded, but are also easily applied in a variety of situations. Our concern has therefore been to provide a solid grounding for models and frameworks, while at the same time indicating how managers can take advantage of these. Furthermore we were driven by the objective of making the ideas applicable across consumer, service and business markets.

This augmented text is structured in three parts that logically enables students and managers to appreciate the nature of brands and how well conceived planning helps grow and nurture these valuable assets. The constituent parts are:

## Part One Foundations of Brand Management

The first two chapters address the core characteristics of brands and the factors that influence their growth.

**Chapter 1** sets the scene by considering why it is important to create and sustain powerful brands.

**Chapter 2** explains the nature of brands, overviews their evolution, identifies different types of brands and highlights the forces that shape brands.

## Part Two Brand Management in Different Sectors

The next six chapters explore the characteristics of effective brand management in diverse sectors.

**Chapter 3** addresses the key question of how consumers choose brands and therefore how managers can influence brand choice.

**Chapter 4** concentrates on the psychological and social aspects of consumer brands, exploring their symbolic nature, investigating the importance of values, their expression through brand personality and enactment through relationships.

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**Chapter 5** focuses on business to business brands, appreciating how they are bought, the importance of value, brands as relationship builders and the role of emotion.

**Chapter 6** discusses the importance and characteristics of service brands, addressing issues critical to building them.

**Chapter 7** reviews the power of retailers with their well conceived retailer brands blossoming in an era of category management and efficient consumer response. Strategies for growth, either as a supplier of retailer brands, or as a manufacturer brand, are addressed.

**Chapter 8** considers the challenge brands face on the Internet and it explores some of the issues to address when capitalizing on the Internet.

### **Part Three    Winning the Brands Battle**

The remaining four chapters address techniques to win the branding battle and evaluate brand success.

**Chapter 9** adopts a strategic perspective on positioning, identifying sources of sustainable competitive advantage to beat competitors through building, buying or extending brands.

**Chapter 10** explains the critical role of added values, suggesting ways of identifying these and ensuring their relevance in challenging environments.

**Chapter 11** considers planning issues that ensure consistent brand values over time through adopting a holistic perspective on brands.

**Chapter 12** explores the concept of brand equity, addressing ways of evaluating the extent to which a powerful brand has been created.

To help readers make the most of this book, we have devised a series of questions at the end of each chapter. These have been included to help readers apply the frameworks.

This book has benefited from discussion with our numerous colleagues. We would like to acknowledge the editorial assistance provided by Susan Drury and the secretarial support from Karen Duffy.

Finally, Leslie de Chernatony would like to thank his family for their patience and their gift of time. It is through such an understanding wife and two inspirational dynamic young adults that an environment conducive to writing emerged.

*Professor Leslie de Chernatony*  
*Professor Malcolm McDonald*

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# Acknowledgements

Every effort has been made to locate the copyright owners of material used. The authors would like to thank all of the organizations who have granted permission to include material copyrighted to them in the book.

Part One

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# Foundations of Brand Management

## Chapter 1

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# Why it is important to create powerful brands

## Summary

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This introductory chapter lays the foundations for the remaining chapters of this book. It summarizes the latest thinking and best practice in the domain of marketing and takes a fresh look at the real nature of an organization's assets, such as market share and supplier and customer relationships, all of which are represented by the brand. It also questions traditional thinking and practice in asset accounting and suggests alternative approaches designed to focus attention on the core purpose of this book – how to create powerful brands.

## Dispelling misunderstanding about product management

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In spite of its somewhat histrionic title, this book is a serious, in-depth attempt by two professional teachers, researchers and

practitioners, to focus attention on an aspect of marketing that is frequently misunderstood and consequently neglected – **branding**.

Let us begin the process of orientating our minds towards this important subject by asking ourselves ‘what is a product?’ or ‘what is a service?’ The central role that the product plays in business management makes it such an important subject, that mismanagement in this area is unlikely to be compensated for by good management in other areas. Misunderstanding in relation to the nature of *product* management is also the root of whatever subsequent misunderstanding there is about *brand* management.

misunderstanding the nature of product management is the root of subsequent misunderstanding about brand management

## What is a product?

product or a service is a problem solver

It should hardly be necessary to explain that a product or a service is a **problem solver**, in the sense that it solves the customer’s problems and is also the means by which the organization achieves its own objectives. And since it is what actually changes hands, it is clearly a subject of great importance.

The clue to what constitutes a product can be found in an examination of what it is that customers appear to buy. Theodore Levitt (1960), in what is perhaps one of the best-known articles on marketing said that what customers want when they buy 1/4-inch drills is 1/4-inch holes. In other words the drill itself is only a means to an end. The lesson here for the drill manufacturer is that if they really believe their business is the manufacture of drills rather than, say, the manufacture of the means of making holes in materials, they are in grave danger of going out of business as soon as a better means of making holes is invented, such as, say, a pocket laser.



The important point about this somewhat simplistic example is that a company, which fails to think of its business in terms of customer benefits rather than in terms of physical products is in danger of losing its competitive position in the market.

We can now begin to see that when customers buy a product, even if they are industrial buyers purchasing a piece of equipment for their company, they are still buying a particular bundle of benefits which they perceive as satisfying their own particular needs and wants.

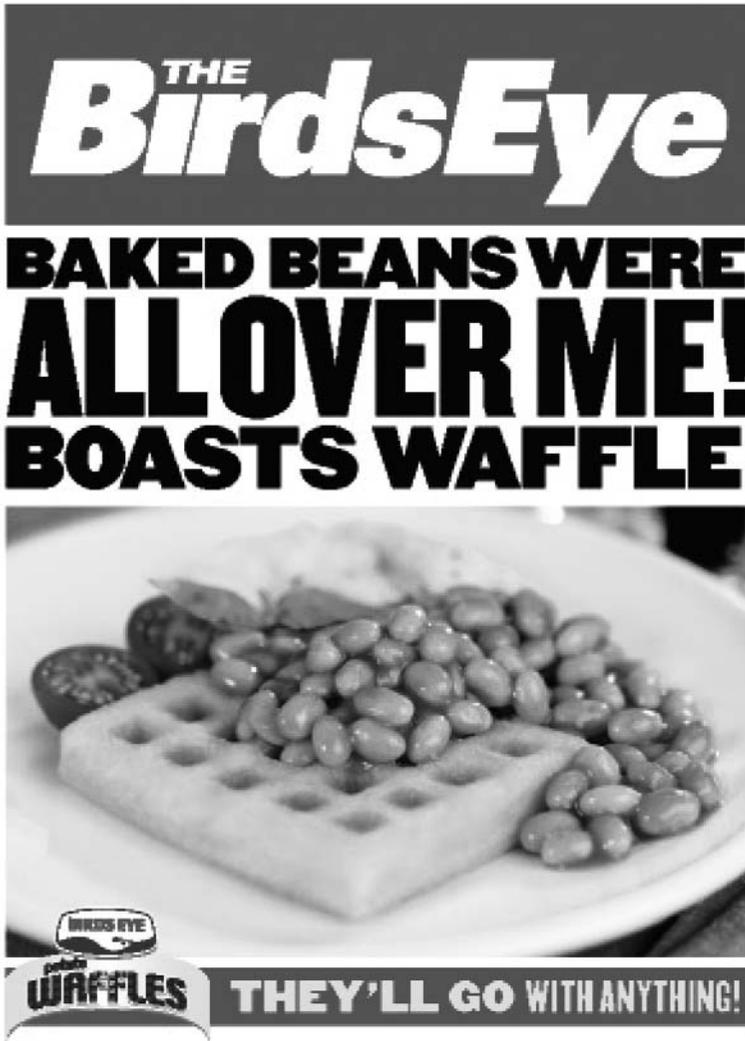
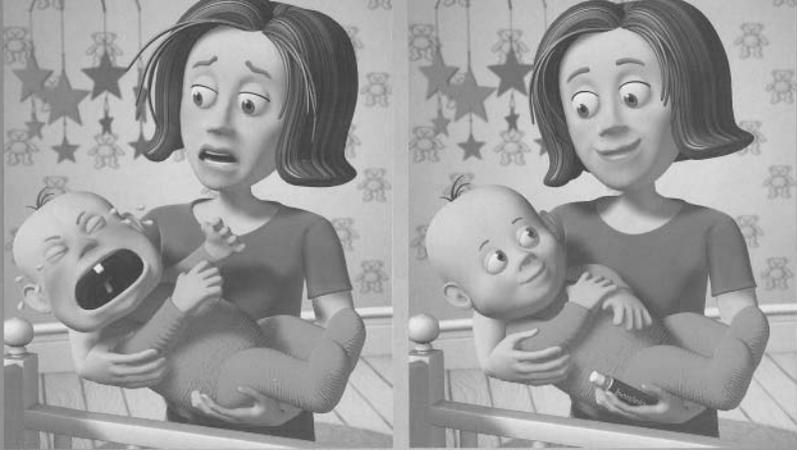


Exhibit 1.1 *Birds Eye recognise the importance of appealing to their customers' aspirations (reproduced with kind permission from Birds Eye)*

More serious real world examples, with disastrous consequences, include Gestetner, who genuinely believed they were in the duplicator business, IBM, who thought they were in the main-frame business and Encyclopedia Britannica whose business was badly affected by new information channels. Unless a company defines its products in terms of *needs* not only will history repeat itself, but any hope for successful branding will not be fulfilled.

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**NEW Bonjela Teething Gel.**  
Because it's not just babies who need relief.



As its name suggests, *NEW* Bonjela Teething Gel has been specially formulated to bring fast, soothing relief from teething pains. Gently massage a dab of gel onto the gum and within minutes, your baby can feel just as relieved as you do.

It's suitable for babies from 2 months old. And because it's banana flavour and sugar-free, it even tastes nice too. Exactly what you'd expect from Britain's best selling teething brand.



**Blissful relief for little pains.**

Always read the label. Bonjela and the sword and circle are trademarks.

**Exhibit 1.2** *Bonjela™ Teething Gel is positioned as simultaneously solving the problem of babies' teething pains and mothers' anxieties (reproduced by kind permission from Reckitt Benckiser Healthcare (UK) Limited)*

Take the insurance industry, for example. A pension is clearly a problem solver yet many insurance companies continue to say that they are in the pensions business.

In financial services, one very successful company uses the definitions as in Table 1.1.



Leaves your whole body glowing with pleasure.

[And doesn't criticise your parking.]

You'll love new Vitality's deliciously refreshing raspberry or peach flavour. But most of all, you'll love the good it does you. Because low-fat Vitality is full of probiotics that join forces with the ones found naturally in your body, helping to balance your entire digestive system for a feeling of inner and outer well-being. And when was the last time a man did all that?

Vitality. The yogurt drink that loves you back.

For more information on probiotics, visit [www.probioticsupdate.com](http://www.probioticsupdate.com)



Exhibit 1.3 Muller Vitality uses humour in assuming a 'relationship' between the consumer and the product (reproduced with kind permission from Muller Dairy (UK) Limited)

What this different kind of logic and thinking leads to is a firm foundation, not only for brands, but for the whole of marketing, in terms of measuring market share, market size, market growth, the listing of relevant competitors, and the delimitation of marketing strategies.

We can now begin to appreciate the danger of leaving product decisions entirely to engineers, actuaries, R&D people and