

# **Lecture 34: Developing Branding Strategies**

To understand various branding strategies adopted by companies.

# Branding Strategy

- Leveraging the power of the brand name to cover the market more effectively
  - Brand associations
- Why do we do it?
  - Phenomenally expensive to create and promote a new brand name (at least 100 – 150 million dollars)
  - Too many brands out there
  - Increase productivity of current marketing programs

# Sub-branding

- Creating new brands which are part of the parent brand family – expressed as suffixes of the parent brand.
- *e.g Nike Air Jordan is a sub-brand of Nike which is the parent brand. Air Trigo, Air Mohawk are sub-brands of Nike Air.*
- *Apple I-Pod, I-Pod Mini, I-Pod Shuffle and now the I-Pod Nano*

# Umbrella branding

- When you have many sub-brands, each linked to a common brand, then the common brand is known as the umbrella brand
- E.g. Ford Taurus, Ford Explorer, Ford Focus, Ford Ranger, Ford Five Hundred, Ford Freestyle, Ford Expedition, Ford Thunderbird, etc.

# Flanker Brand

- Different brand name – same product
  - Purpose: Pre-empt competition, cover the market more completely (protect your flanks)
  - Problem: some cannibalization is expected.
- *E.g. Thums Up and Coca Cola in India*
- *General Mills – Robin Hood and Gold Medal brand flour*
- *Tide and Cheer from P&G*

# Brand Extension

- Same brand name, new product line e.g. Reebok shoes and Reebok water. Nike shoes and Nike casuals. Chevy cars and Chevy men's cologne. Hooters restaurants and Hooters airline
- The concept of congruence determines the success of a brand extension strategy. E.g. Johnson's baby powder and Johnson's baby oil – high congruence. But imagine Lysol toilet bowl cleaner and Lysol toothpaste!!!

# Line Extension

- Same brand name, different product in the same product line.
  - E.g. Ivory soap and Ivory shampoo; IBM PCs and IBM laptops
  - Line extensions are safer strategies than brand extensions since congruence is always higher.

# Branding Strategy or Brand Architecture

- The *branding strategy* for a firm reflects the number and nature of common or distinctive brand elements applied to the different products sold by the firm.
  - Which brand elements can be applied to which products and the nature of new and existing brand elements to be applied to new products



# The role of Brand Architecture

- Clarify: brand awareness
  - Improve consumer understanding and communicate similarity and differences between individual products
- Motivate: brand image
  - Maximize transfer of equity to/from the brand to individual products to improve trial and repeat purchase

# Brand-Product Matrix

- To characterize the product and branding strategy of a firm, one useful tool is the *brand-product matrix*.
- “*Brand Product Matrix*”, is a graphical representation of all the brands and products sold by the firm.

# Brand-Product Matrix

		Products			
		1	2	3	4
Brands	A				
	B				
	C				

- Must define:
  - Brand-Product relationships (rows)
    - Line and category extensions
  - Product-Brand relationships (columns)
    - Brand portfolio

# Important Definitions

- Product line
  - A group of products within a product category that are closely related
- Product mix (product assortment)
  - The set of all product lines and items that a particular seller makes available to buyers
- Brand mix (brand assortment)
  - The set of all brand lines that a particular seller makes available to buyers

# Breadth of a Branding Strategy

- The breadth of a branding strategy describes the number and nature of different products linked to the brands sold by a firm.
- The firm has to make strategic decisions about how many different product lines it should carry (**the breadth of product mix**) as well as how many variants to offer in each product line (**the depth of product mix**)

# Breadth of a Branding Strategy contd...

- Breadth of product mix
  - Aggregate market factors-
    - Market size
    - Market growth
    - Stage in Product Life Cycle
    - Sales cyclicality
    - Seasonality
    - Profits
  - Category factors
    - Threat of new entrants
    - Bargaining power of the buyers
    - Bargaining power of the suppliers
    - Current category rivalry
    - Pressure from substitute
    - Category capacity

# Breadth of a Branding Strategy contd...

- Environmental factors
  - Technological
  - Political
  - Economical
  - Regulatory
  - Social

# Breadth of a Branding Strategy

- Depth of product mix
  - Examining the percentage of sales and profits contributed by each item in the product line
  - Deciding to increase the length of the product line by adding new variants or items typically expands market coverage and therefore market share but also increases costs



# Depth of a Branding Strategy

- The number and nature of different brands marketed in the product class sold by a firm
- Referred to as *brand portfolio*
- The reason is to pursue different market segments, different channels of distribution, or different geographic boundaries
- Maximize market coverage and minimize brand overlap

Assessment questions:

Design a brand strategy for Chitale? (Amchi  
Kuthe hi shakha nahi)