BRANDING & POSITIONING

Aryan Eka Prastya Nugraha, S.E.,M.Pd

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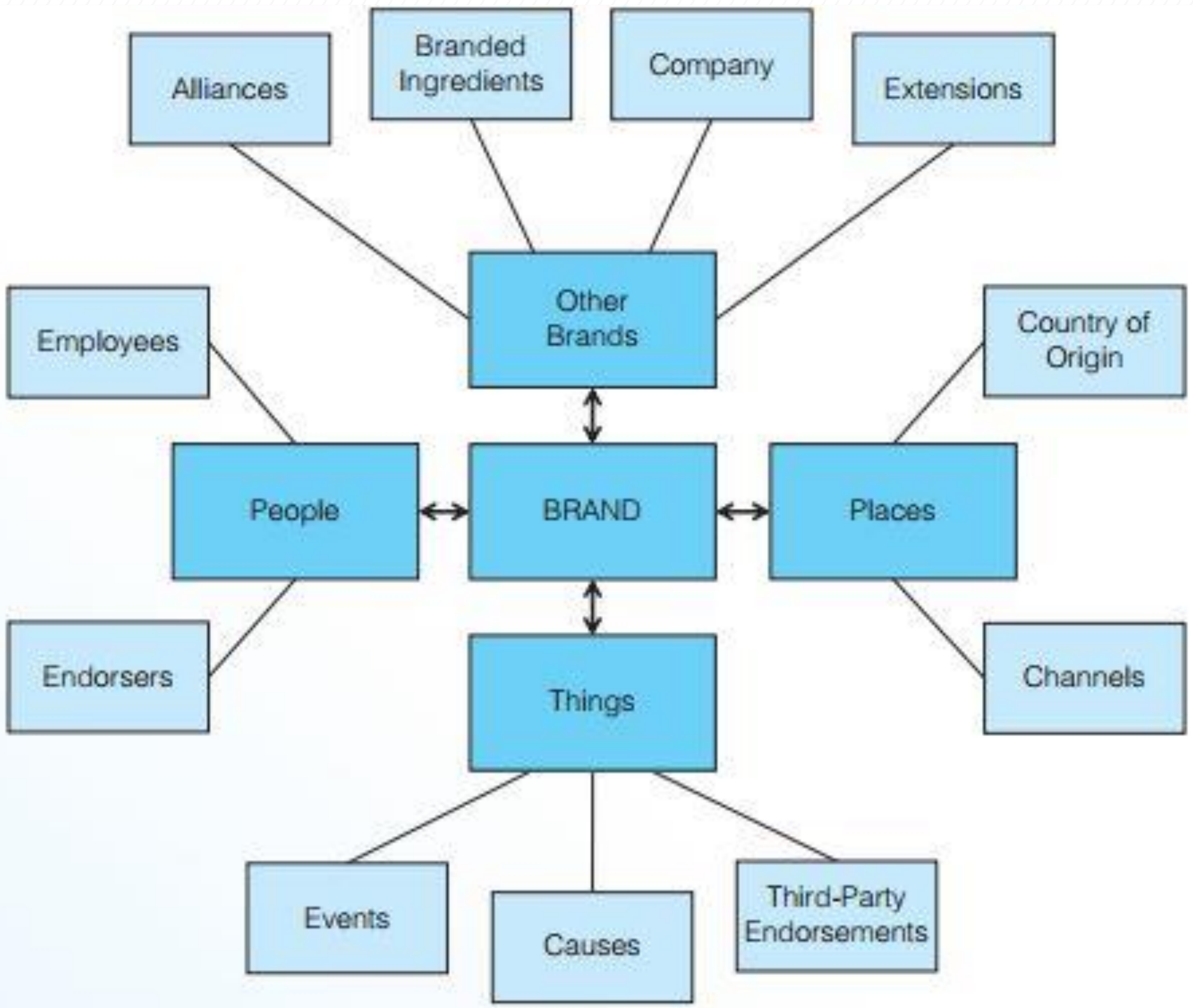
While the concept of a brand may seem relatively simple to understand, branding strategy can actually be quite complex. From a technical point of view, a *brand* is a combination of name, symbol, term, or design that identifies a specific product. Brands have two parts: the brand name and the brand mark. The brand name is the part of a brand that can be spoken, including words, letters, and numbers (Honda, 7-Eleven, WD-40, GMC, Citi). The brand mark—which includes symbols, figures, or a design—is the part of a brand that cannot be spoken. Good brand marks, like McDonald's golden arches, Nike's swoosh, and Prudential's rock, effectively communicate the brand and its image without using spoken words. Brand marks are also useful in advertising and product placement, such as when college football broadcasts clearly depict the Nike logo on the clothing and uniforms of both coaches and players.

- Where can I find information quickly?
- Where can I get a quick meal and make my kids happy?
- Where can I buy everything I need, all at decent prices?
- Where can I get the best deal on car insurance?
- How do I find a value-priced hotel in midtown Manhattan?

How do you answer these questions? How many customers do you think would give the following answers: Google, McDonald's, Walmart, GEICO, and Expedia? To successfully develop a brand, the firm should position the offering (which includes all tangible, intangible, and symbolic elements arising from the marketing program) as the answer to questions like these. Customers tend to buy offerings whose combination of attributes is the best solution to their problems. As shown in Exhibit 7.1, brands may have many different attributes that make up the way customers think about them. For example, the iPhone possesses many different attributes that make up customers' overall knowledge about the brand: alliances (AT&T, Verizon, Sprint, Twitter), company (Apple), extensions (iTunes, access-ories), employees (Tim Cook, Steve Jobs), endorsers (celebrities such as Samuel L. Jackson and Zooey Deschanel), events (Macworld Expo, Apple keynote speeches), and channels (the Apple Store). Other brands are enhanced via strong country-of-origin (Guinness, IKEA), branded ingredients (Dell computers use Microsoft and Intel components), causes (Ben and Jerry's), and endorser (Nike) effects.

This symbol, recognizable around the world, embodies a number of important branding attributes

Potential Brand Attributes



urce: Kotler, Philip; Keller, Kevin; *Simulations, Interpretive, Framework for Marketing Management: Integrated PharmaSim Simulation Experience,* Edition, © 2009. Reprinted by permission of Pearson Education, Inc., Upper Saddle River, NJ.

EXHIBIT 7.2 The Strongest and Weakest U.S. Corporate Reputations

Rank	Company	Reputation Quotient*
	The Strongest Reputations	
1.	Apple	85.62
2.	Google	82.82
3.	The Coca-Cola Company	81.99
4.	Amazon.com	81.92
5.	Kraft Foods	81.62
6.	The Walt Disney Company	81.28
7.	Johnson & Johnson	80.45
8.	Whole Foods Market	80.14
9.	Microsoft	79.87
10.	UPS	79.75
11.	Sony	79.22
12.	Honda	78.95
13.	Samsung	78.11
14.	Home Depot	78.11
15.	Procter & Gamble	78.09
	The Weakest Reputations	

Basic Branding Decisions

To brand or not to brand: There really is no question. Virtually every product is associated with some type of branding. So-called "generic" products generally don't exist today, except in some grocery items and perhaps commodities like sugar, wheat, and corn. The advantages of branding are so compelling that the real question is not "why?" but "how?" Some of the many advantages of branding include:

- **Product Identification**. Brands make identifying and locating products easier for customers.
- **Comparison Shopping**. Brands assist customers in evaluating competing products.
- **Shopping Efficiency**. Brands speed up the buying process and make repeat purchases easier by reducing search time and effort.
- **Risk Reduction**. Brands allow customers to buy known products, thereby reducing the risk of purchase.
- **Product Acceptance**. New products released under a known brand name are accepted and adopted more quickly.
- **Enhanced Self-Image**. Brands can convey status, image, and prestige.
- **Enhanced Product Loyalty**. Branding increases psychosocial identification with a product.

Manufacturer (Name) Brands versus Private-Label Brands

Unique Advantages of Selling Manufacturer (Name) Brands	
Reduced Costs	Heavy promotion by the manufacturer reduces the marketing costs of the merchant that carries the brand.
Built-In Loyalty	Manufacturer brands come with their own cadre of loyal customers.
Enhanced Image	The image and prestige of the merchant are enhanced.
Lower Inventory	Manufacturers are capable of time-certain delivery, which allows the merchant to carry less inventory and reduce inventory costs.
Less Risk	Poor quality or product failures become attributed to the manufacturer rather than the merchant.
Unique Advantages of Selling Private-Label (Store) Brands	
Increased Profit	The merchant maintains a higher margin on its own brands and faces less pressure to cut prices to match the competition.
Less Competition	Where manufacturer brands are carried by many different merchants, private-label brands are exclusive to the merchant that sells them.
Total Control	The merchant has total control over the development, pricing, distribution, and promotion of the brand.
Merchant Loyalty	Customers who are loyal to a private-label brand are automatically loyal to the merchant.

Brand Value

What is a brand worth? The answer depends on whether you ask customers or the firm. For customers, brands offer a number of advantages as mentioned above. However, customers also have attitudinal and emotional attachments to brands that create value. One of the most common types of customer brand value is brand loyalty. *Brand loyalty* is a positive attitude toward a brand that causes customers to have a consistent preference for that brand over all other competing brands in a product category. There are three degrees of brand loyalty:

- **Brand recognition**—exists when a customer knows about the brand and is considering it as one of several alternatives in the evoked set. This is the lowest form of brand loyalty and exists mainly due to the awareness of the brand rather than a strong desire to buy the brand.
- **Brand preference**—a stronger degree of brand loyalty where a customer prefers one brand to competitive brands and will usually purchase this brand if it is available. For example, a customer may hold a brand preference for Diet Coke. However, if this brand is not available, the customer will usually accept a substitute such as Diet Pepsi or Coke Zero rather than expending extra effort to find and purchase Diet Coke.

- **Brand insistence**—the strongest degree of brand loyalty, occurs when customers will go out of their way to find the brand and will accept no substitute. Customers who are brand insistent will expend a great deal of time and effort to locate and purchase their favorite brand.

Differentiation and Positioning

Though we have focused solely on branding issues to this point in the chapter, it is vital to remember that branding is intricately tied to differentiation and positioning within the marketing program. People sometimes confuse differentiation and positioning with market segmentation and target marketing. *Differentiation* involves creating differences in the firm's product offering that set it apart from competing offerings. Differentiation typically has its basis in distinct product features, additional services, or other characteristics. *Positioning* refers to creating a mental image of the product offering and its differentiating features in the minds of the target market. This mental image can be based on real or perceived differences among competing offerings. Whereas differentiation is about the product and the marketing program, positioning is about customers' perceptions of the real or perceived benefits that the offering possesses.

Although differentiation and positioning can be based on actual product features or characteristics, the principle task for the firm is to develop and maintain a *relative position* for the product in the minds of the target market. The process of creating a favorable relative position involves several steps:

1. Identify the needs, wants, and preferences desired by the target market.
2. Evaluate the differentiation and positioning of current and potential competitors.
3. Compare the firm's current relative position vis-à-vis the competition across the needs, wants, and preferences desired by the target market.

4. Identify unique differentiation and positioning not offered by the competition that matches the firm's capabilities.
5. Develop a marketing program to create the firm's position in the minds of the target market.
6. Continually reassess the target market, the firm's position, and the position of competing offerings to ensure that the marketing program stays on track and to identify emerging positioning opportunities.

EXHIBIT 7.7 Using Product Descriptors as a Basis for Differentiation

Product	Features	Advantages	Benefits
Apple MacBook Pro 13-inch Laptop	Intel Core i7 processor Mac OS X operating system with iLife Precision aluminum unibody construction Less than 1" thick and only 4.5 lbs High performance Intel HD graphics 7-hour, 63.5 watt lithium-polymer battery Integrated WiFi and Bluetooth	Very lightweight and compact Blazingly fast multimedia performance Out-of-the-box photo, video, and audio editing Long-lasting battery Hassle-free connectivity	Ultimate mobility Rugged entertainment on the road No need to purchase separate photo- or video-editing software Stay connected wherever you are
Chevrolet Camaro	6.2L, 426-horsepower SS V8 Variable-ratio power steering Low, wide, aggressive stance and 52/48 front/rear weight distribution Active fuel management	0 to 60 in 5 seconds Superb handling Better road grip 24 mpg highway	Enhanced self image Fun to drive Easy to drive Fuel-efficient muscle Safety

Strategic Considerations During the Product Life Cycle

	Life Cycle Stages			
	Introduction	**Growth**	**Maturity**	**Decline**
Overall Marketing Goals	Stimulate product awareness and trial	Increase market share by acquiring new customers; discover new needs and market segments	Maximize profit by defending market share or stealing it from competitors	Reduce expenses and marketing efforts to maximize the last opportunity for profit
Product Strategy	Introduce limited models with limited features; frequent product changes	Introduce new models with new features; pursue continuous innovation	Full model line; increase supplemental product offerings to aid in product differentiation	Eliminate unprofitable models and brands
Pricing Strategy	Penetration pricing to establish a market presence or price skimming to recoup development costs	Prices fall due to competition; price to match or beat the competition	Prices continue to fall; price to beat the competition	Prices stabilize at a lower level
Distribution Strategy	Gradually roll out product to expand availability; get channel intermediaries on board	Intensify efforts to expand product reach and availability	Extensive product availability; retain shelf space; phase out unprofitable outlets or channels	Maintain a level necessary to keep brand loyal customers; continue phasing out unprofitable channels
Promotion Strategy	Advertising and personal selling to build awareness; heavy sales promotion to stimulate product trial	Aggressive brand advertising, selling, and sales promotion to encourage brand switching and continued trial	Stress brand differences and benefits; encourage brand switching; keep the brand/product fresh	Reduce to a minimal level or phase out entirely

EXHIBIT 7.4 The World's Twenty-Five Most Valuable Brands

Brand Rank	Brand	2012 Brand Value ($M)	% Change in Brand Value 2012 vs. 2011	Country of Ownership
1	Apple	182,951	19	U.S.
2	IBM	115,985	15	U.S.
3	Google	107,857	-3	U.S.
4	McDonald's	95,188	17	U.S.
5	Microsoft	76,651	-2	U.S.
6	Coca-Cola	74,286	1	U.S.
7	Marlboro	73,612	9	U.S.
8	AT&T	68,870	-1	U.S.
9	Verizon	49,151	15	U.S.
10	China Mobile	47,041	-18	China
11	GE	45,810	-9	U.S.
12	Vodafone	43,033	-1	UK
13	ICBC	41,518	-7	China
14	Wells Fargo	39,754	8	U.S.
15	Visa	38,284	34	U.S.
16	UPS	37,129	4	U.S.

Look back at the Top 10 brands in Exhibit 7.4. What bases do these brands use for differentiation? What strategies do they use to create a relative position in their respective markets? Why do these brands hold so much value?

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That’s all. Thank you! ☺

Any Questions?