

*Beyond building customer loyalty, successful brands have the power to enter the consumer unconscious, weaving their way into the fabric of everyday life.*

## The importance of branding

The function and art of branding is a major contributor to the success of a product or service sold by the company that markets it.

According to *Webster's Dictionary*, a brand is defined as "a means of identification," or "an arbitrarily adopted name that is given by a manufacturer or merchant to an article or service to distinguish it as produced or sold by that manufacturer or merchant that may be used and protected as a trademark."

At Chemark we look at a brand as more than a trademark for the legal protection of the product or service offered. Well, at least we think it should be. This is where many marketers get into trouble and lose the positive impact of proper brand management.

Brand management should aim to build into customers' minds a set of perceptions and attitudes relating to an offering, leading to positive buying behavior. To achieve this goal, managers must know a great deal about their customer base. The power of a brand is measured by its effect on buyers. A powerful brand will cause its customer base to either defer or refuse to purchase if the brand is NOT available. Some brands have reached a level of mass acceptance where they are used as action verbs, such as "Xeroxing" a document instead of copying it and "Fedexing" a package rather than mailing or posting it. One brand's identity is so strong that when we hear Aspirin we immediately think of Bayer.

### INTERNAL & EXTERNAL BRAND ELEMENTS

Branding is comprised of two elements—external and internal to the customer. Internal brand elements include the following:

- *Personality*, which relates to customers' description of the brand;

- *Culture*, or the social context within which a brand is perceived, as in the case of Mercedes' "engineering excellence"; and,

- *Self-Image*, which encompasses what we feel the brand says about us, for example, the self-image of driving a Jaguar versus a Ford.

External elements include the following:

- *Physique*, or the physical characteristics of the brand that makes us want to know what it does;

- *Reflection*, which relates to the target user or customer being nurtured; and,

- *Relationship*, which says the customer must have an identifying relationship with the brand itself.

In a study conducted by *Advertising Age* published in 1983, 25 companies with excellent brand reputations in 1923 remained strong as a number one or two in their respective industries for 60-years.

However, it doesn't require a new study to make a couple of observations about brand maintenance and stability from 1983 to the present.

When considering all the elements, both internal and external, which make up brand loyalty and acceptance, from 1983 to 2006, Sherwin-Williams remains the number one brand in architectural paints in the U.S. today. Kellogg's Corn Flakes, Hershey's Chocolates, Coca-Cola Soft Drinks and Gillette Razors have all remained number one or two brands in their respective industries as well. However, of the 25 companies surveyed through 1983, only these five companies have survived as number one or two brands through 2006 while the remaining 20 have slipped during that time.

Goodyear Tires, Eastman Kodak Cameras, Singer Sewing Machines, Manhattan Shirts, Eveready Flashlight Batteries and the remainder have fallen to a ranking of three

or lower in one-third of the time compared to the previous study where stability ruled for 60 years.

Behind these observations are four facts. One, strong brands can dominate for many years. Two, these same strong brands can lose their power if not attended to with purpose. Three, brand loyalty is more fragile today than in the less complicated past. Fourthly, brand loyalty will be more difficult to maintain in the future than it is today.

As an example of potential brand loyalty loss, one only has to consider Sherwin-Williams' relatively recent acquisition of Pratt & Lambert Paint Company. Here Sherwin-Williams, the number one paint company in relative size, acquired a smaller company but one with a higher quality image, as ranked by *Consumer Reports*. The question that must be asked is will Sherwin-Williams be able to maintain the quality image of Pratt & Lambert's product line brand or will Sherwin-Williams lose the brand value they purchased in the first place?

The issue of enduring leadership is of paramount importance to managers for several reasons. First, enduring brands are very attractive to consumers. Such brands can charge premium prices while incurring relatively low marketing costs. In contrast, new brands must resort to costly marketing in an effort to become known and break into a market. Second, because of economies of scale, a market leader can operate at a more efficient volume and earn higher profits than a rival that commands a narrow market niche. Third, market leaders that dominate in a category can easily extend their charter into a new related adjacent category and dominate that one as well. On the other hand, while

other firms introduce hundreds of new brands each year, most vanish entirely from the market.

In future columns, Chemark will address the question, "Why does this occur?" **CW**