Instructor
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Brand Resonance and the Brand Value Chain

Learning Objectives
After reading this chapter, you should be able to
1. Define brand resonance.
2. Describe the steps in building brand resonance.
3. Define the brand value chain.
4. Identify the stages in the brand value chain.
5. Contrast brand equity and customer equity.

Corona used its strong brand imagery of “teach in a bottle” to become the leading U.S. import beer.

Source: AP Photo/Amy Sancetta
Two interlinking models that together make up the brand planning system include:

- **Brand Resonance Model**, which describes how to create intense, active loyalty relationships with customers.
  - The model considers how brand positioning affects what consumers think, feel, and do and the degree to which they resonate or connect with a brand.

- **Brand Value Chain Model**, is a means by which marketers can trace the value creation process for their brands to better understand the financial impact of their marketing expenditures and investments.
  - Based in part on the customer-based brand equity (CBBE) concept, it offers a holistic, integrated approach to understanding how brands create value.
Building the Strong Brand: the Four Steps

✓ The brand resonance model looks at building a brand as a sequence of four steps:

1) Ensure identification of the brand with customers and an association of the brand in customers’ minds with a specific product class, product benefit, or customer need.
   ✓ Who are you? (brand identity)

2) Firmly establish the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations.
   ✓ What are you? (brand meaning)

3) Elicit the proper customer responses to the brand.
   ✓ What about you? What do I think or feel about you? (brand responses)

4) Convert brand responses to create brand resonance and an intense, active loyalty relationship between customers and the brand.
   ✓ What about you and me? What kind of association and how much of a connection would I like to have with you? (brand relationships)
Building the Strong Brand: the Four Steps

1. Identity: Who are you?
2. Meaning: What are you?
3. Response: What about you?
4. Relationships: What about you and me?

- Salience
  - Performance
  - Imagery
  - Feelings
  - Judgments
  - Resonance

- Branding Objective at Each Stage:
  - Intense, active loyalty
  - Positive, accessible reactions
  - Points-of-parity and -difference
  - Deep, broad brand awareness
Building the Strong Brand: the Four Steps

- **Resonance**
  - Loyalty
  - Attachment
  - Community
  - Engagement

- **Feelings**
  - Warmth
  - Fun
  - Excitement
  - Security
  - Social Approval
  - Self-Respect

- **Judgments**
  - Quality
  - Credibility
  - Consideration
  - Superiority

- **Performance**
  - Primary Characteristics and Secondary Features
  - Product Reliability, Durability, and Serviceability
  - Service Effectiveness, Efficiency, and Empathy
  - Style and Design
  - Price

- **Imagery**
  - User Profiles
  - Purchase and Usage Situations
  - Personality and Values
  - History, Heritage, and Experiences

- **Salience**
  - Category Identification
  - Needs Satisfied
Building the Strong Brand: the Four Steps

Brand Salience

✓ **Brand salience** measures various aspects of the awareness of the brand and how easily and often the brand is evoked under various situations or circumstances.
  ✓ To what extent is the brand top-of-mind and easily recalled or recognized?
  ✓ What types of cues or reminders are necessary?
  ✓ How pervasive is this brand awareness?
Building the Strong Brand: the Four Steps

✔ **Brand awareness** refers to customers’ ability to recall and recognize the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory.

✔ It helps customers understand the product or service category in which the brand competes and what products or services are sold under the brand name.

✔ It also ensures that customers know which of their “needs” the brand—through these products—is designed to satisfy (what basic functions does the brand provide to customers?).
Building the Strong Brand: the Four Steps

Breadth and Depth of Awareness

✓ The depth of brand awareness measures how likely it is for a brand element to come to mind, and the ease with which it does so.
  ✓ A brand we easily recall has a deeper level of brand awareness than one that we recognize only when we see it.

✓ The breadth of brand awareness measures the range of purchase and usage situations in which the brand element comes to mind
  ✓ It depends to a large extent on the organization of brand and product knowledge in memory.
Building the Strong Brand: the Four Steps

Product Category Structure

✓ Products are grouped at varying levels of specificity and can be organized in a hierarchical fashion.

✓ Thus, in consumers’ minds, a product hierarchy often exists, with
  ✓ Product class information at the highest level,
  ✓ Product category information at the second-highest level,
  ✓ Product type information at the next level, and
  ✓ Brand information at the lowest level.

✓ The **depth** of brand awareness will influence the likelihood that the brand comes to mind, whereas the **breadth** of brand awareness describes the different types of situations in which the brand might come to mind.
Building the Strong Brand: the Four Steps

- Beverages
  - Water
  - Flavored
    - Nonalcoholic
      - Milk
      - Juices
        - Hot beverages
        - Soft drinks
    - Alcoholic
      - Wine
      - Distilled spirits
      - Beer
Building the Strong Brand: the Four Steps

Strategic Implications

✓ The brand must not only be top-of-mind and have sufficient “mind share,” (depth) but it must also do so at the right times and places (Breadth).

✓ Breadth is an oft-neglected consideration, even for brands that are category leaders.

✓ For many brands, the key question is not whether consumers can recall the brand but where they think of it, when they think of it, and how easily and how often they think of it.

✓ Many brands and products are ignored or forgotten during possible usage situations.

✓ For those brands, the best route for improving sales is increasing brand salience and the breadth of brand awareness and situations in which consumers would consider using the brand to drive consumption and increase sales volume.
Building the Strong Brand: the Four Steps

Brand Performance

✓ The product itself is at the heart of brand equity, because it is the primary influence on
  ✓ What consumers experience with a brand,
  ✓ What they hear about a brand from others, and
  ✓ What the firm can tell customers about the brand in their communications.

✓ Brand performance describes how well the product or service meets customers’ more functional needs.
  ✓ How well does the brand rate on objective assessments of quality?
  ✓ To what extent does the brand satisfy utilitarian, aesthetic, and economic customer needs and wants in the product or service category?
Building the Strong Brand: the Four Steps

✔ Five important types of attributes and benefits often underlie brand performance

1) Primary ingredients and supplementary features
2) Product reliability, durability, and serviceability
3) Service effectiveness, efficiency, and empathy
4) Style and design
5) Price
Building the Strong Brand: the Four Steps

Brand Imagery

✓ Brand imagery depends on the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers’ psychological or social needs.
  ✓ It is the way people think about a brand abstractly, rather than what they think the brand actually does.

✓ Imagery refers to more intangible aspects of the brand, and consumers can form imagery associations directly from their own experience or indirectly through advertising or by some other source of information, such as word of mouth.
Building the Strong Brand: the Four Steps

✓ Four kinds of intangibles linked to a brand include:

1) User profiles
2) Purchase and usage situations
3) Personality and values
4) History, heritage, and experiences
Building the Strong Brand: the Four Steps

I. User Imagery

✓ One set of brand imagery associations is about the type of person or organization who uses the brand.
  ✓ This imagery may result in customers’ mental image of actual users or more aspirational, idealized users.

✓ Consumers may base associations of a typical or idealized brand user on descriptive demographic factors or more abstract psychographic factors.
Building the Strong Brand: the Four Steps

✓ Demographic factors might include the following:
  1. Gender
  2. Age
  3. Race
  4. Income

✓ Psychographic factors might include
  1. Attitudes toward Life,
  2. Careers,
  3. Possessions,
  4. Social Issues, or
  5. Political Institutions;

✓ For example, a brand user might be seen as iconoclastic or as more traditional and conservative.
II. Purchase and Usage Imagery

✓ A second set of associations tells consumers under what conditions or situations they can or should buy and use the brand.

✓ Associations can relate to type of channel, such as department stores, specialty stores, or the Internet; to specific stores such as Macy’s, Foot Locker, or Bluefly; and to ease of purchase and associated rewards (if any).

✓ Associations to a typical usage situation can relate to the time of day, week, month, or year to use the brand;

✓ For instance, inside or outside the home; and type of activity during which to use the brand—formal or informal.
Building the Strong Brand: the Four Steps

III. Brand Personality and Values

✓ Through consumer experience or marketing activities, brands may take on personality traits or human values and, like a person, appear to be “modern,” “old-fashioned,” “lively,” or “exotic.”

✓ Five dimensions of brand personality (with corresponding sub-dimensions) are
  ✓ Sincerity (down-to-earth, honest, wholesome, and cheerful),
  ✓ Excitement (daring, spirited, imaginative, and up-to-date),
  ✓ Competence (reliable, intelligent, successful),
  ✓ Sophistication (upper class and charming), and
  ✓ Ruggedness (outdoorsy and tough).
Building the Strong Brand: the Four Steps

IV. Brand History, Heritage, and Experiences

✔ Brands may take on associations to their past and certain noteworthy events in the brand’s history.
  ✔ These types of associations may recall distinctly personal experiences and episodes or past behaviors and experiences of friends, family, or others.

✔ They can be highly personal and individual, or more well-known and shared by many people.

1) The brand’s marketing program
2) The color of the product or look of its package
3) The company or person that makes the product and the country in which it is made
4) The type of store in which it is sold
5) The events for which the brand is a sponsor
6) The people who endorse the brand
Building the Strong Brand: the Four Steps

Brand Judgments

✓ **Brand judgments** are customers’ personal opinions about and evaluations of the brand, which consumers form by putting together all the different brand performance and imagery associations.

✓ Four types are particularly important brand judgements include:

1) Brand Quality
2) Brand Credibility
3) Brand Consideration
4) Brand Superiority
Building the Strong Brand: the Four Steps

I. Brand Quality

✓ Brand attitudes are consumers’ overall evaluations of a brand and often form the basis for brand choice.
  ✓ Brand attitudes generally depend on specific attributes and benefits of the brand.

✓ Consumers can hold a host of attitudes toward a brand, but the most important relate to its perceived quality and to customer value and satisfaction.
  ✓ Perceived quality measures are inherent in many approaches to brand equity.
Building the Strong Brand: the Four Steps

II. Brand Credibility

✓ Brand credibility describes the extent to which customers see the brand as credible in terms of three dimensions:
  ✓ Perceived expertise,
  ✓ Trustworthiness, and
  ✓ Likability.

✓ Is the brand seen as
  1) Competent, innovative, and a market leader (brand expertise);
  2) Dependable and keeping customer interests in mind (brand trustworthiness); and
  3) Fun, interesting, and worth spending time with (brand likability)?

✓ Credibility measures whether consumers see the company or organization behind the brand as good at what it does, concerned about its customers, and just plain likable.
III. Brand Consideration

- Consideration for purchasing a brand depends in part on how personally relevant customers find the brand and is a crucial filter in terms of building brand equity.

- No matter how highly they regard the brand or how credible they find it, unless they also give it serious consideration and deem it relevant, customers will keep a brand at a distance and never closely embrace it.

- Brand consideration depends in large part on the extent to which strong and favorable brand associations can be created as part of the brand image.
Building the Strong Brand: the Four Steps

IV. Brand Superiority

- Superiority measures the extent to which customers view the brand as unique and better than other brands.
  - Do customers believe it offers advantages that other brands cannot?

- Superiority is absolutely critical to building intense and active relationships with customers and depends to a great degree on the number and nature of unique brand associations that make up the brand image.
Building the Strong Brand: the Four Steps

Brand Feelings

✓ Brand feelings are customers’ emotional responses and reactions to the brand.

✓ They also relate to the social currency evoked by the brand.
  ✓ What feelings are evoked by the marketing program for the brand or by other means?
  ✓ How does the brand affect customers’ feelings about themselves and their relationship with others?

✓ Trustmarks truly belong to the people who offer the love to the brand, and that an emotional connection is critical.
Building the Strong Brand: the Four Steps

✓ The emotions evoked by a brand can become so strongly associated that they are accessible during product consumption or use.

✓ **Transformational Advertising** is advertising designed to change consumers’ perceptions of the actual usage experience with the product.
Building the Strong Brand: the Four Steps

✓ Six important types of brand-building feelings include:
  1) Warmth
  2) Fun
  3) Excitement
  4) Security
  5) Social approval
  6) Self-respect
Building the Strong Brand: the Four Steps

Brand Resonance

✓ **Brand resonance** describes the nature of the ultimate relationship and level of identification that the customer has with the brand and the extent to which customers feel that they are “in sync” with the brand.

✓ Resonance is characterized in terms of **intensity**, or the depth of the psychological bond that customers have with the brand, as well as the level of **activity** engendered by this loyalty (repeat purchase rates and the extent to which customers seek out brand information, events, and other loyal customers).
Building the Strong Brand: the Four Steps

✔ Two dimensions of intensity as well as level of activity can be described in four categories:

1) Behavioral loyalty
2) Attitudinal attachment
3) Sense of community
4) Active engagement
Building the Strong Brand: the Four Steps

I. Behavioral Loyalty

✓ Behavioral Loyalty can be measured in terms of repeat purchases and the amount or share of category volume attributed to the brand, that is, the “share of category requirements.”

✓ How often do customers purchase a brand and how much do they purchase?

✓ For bottom-line profit results, the brand must generate sufficient purchase frequencies and volumes.
Building the Strong Brand: the Four Steps

II. Attitudinal Attachment

✓ Some customers may buy out of necessity—because the brand is the only product stocked or readily accessible, the only one they can afford, or other reasons.

✓ Resonance, however, requires a strong personal attachment.

✓ Customers should go beyond having a positive attitude to viewing the brand as something special in a broader context.

✓ For example, customers with a great deal of attitudinal attachment to a brand may state that they “love” the brand, describe it as one of their favorite possessions, or view it as a “little pleasure” that they look forward to.
Building the Strong Brand: the Four Steps

III. Sense of Community

✓ Identification with a brand community may reflect an important social phenomenon in which customers feel a kinship or affiliation with other people associated with the brand, whether fellow brand users or customers, or employees or representatives of the company.

✓ A brand community can exist online or off-line.

✓ A stronger sense of community among loyal users can engender favorable brand attitudes and intentions.
Building the Strong Brand: the Four Steps

IV. Active Engagement

✓ When customers are engaged, they are willing to invest time, energy, money, or other resources in the brand beyond those expended during purchase or consumption of the brand.

✓ For example, customers may choose to join a club centered on a brand, receive updates, and exchange correspondence with other brand users or formal or informal representatives of the brand itself.
Building the Strong Brand: the Four Steps

Brand-Building Implications

✓ The brand resonance model provides a road map and guidance for brand building.
  ✓ It is a yardstick by which brands can assess their progress in their brand-building efforts as well as a guide for marketing research initiatives.

✓ The brand resonance model also reinforces a number of important branding tenets, five of which are particularly noteworthy:

1) Customers Own the Brands
2) Don’t Take Shortcuts with Brands
3) Brands Should Have a Duality
4) Brands Should Have Richness
5) Brand Resonance Provides Important Focus
Brand Value Chain

✓ The **brand value chain** is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value.

✓ It recognizes that many different people within an organization can affect brand equity and need to be aware of relevant branding effects.

✓ It provides insights to support brand managers, chief marketing officers, managing directors, and chief executive officers, all of whom may need different types of information.
Brand Value Chain

- **Brand Value Chain** assumes that the value of a brand ultimately resides with customers.
  - The brand value creation process begins when the firm invests in a marketing program targeting actual or potential customers (**stage 1**).

- The associated marketing activity then affects the customer mind-set—what customers know and feel about the brand (**stage 2**).

- **Customer mind-set**, across a broad group of customers, produces the brand’s performance in the marketplace—how much and when customers purchase, the price that they pay, and so forth (**stage 3**).

- Finally, the investment community considers this market performance—and other factors such as replacement cost and purchase price in acquisitions—to arrive at an assessment of shareholder value in general and a value of the brand in particular (**stage 4**).
Brand Value Chain

The model also assumes that a number of linking factors intervene between these stages.

They determine the extent to which value created at one stage transfers or “multiplies” to the next stage.

Three sets of multipliers moderate the transfer between the marketing program and the three value stages:

1) The program quality multiplier,
2) The marketplace conditions multiplier, and
3) The investor sentiment multiplier.
Brand Value Chain
Brand Value Chain

Value Stages

Marketing Program Investment

✓ Any marketing program investment that can contribute to brand value development, intentionally or not, falls into this first value stage, including

✓ Product research, development, and design;

✓ Trade or intermediary support;

✓ Marketing communications including

  ✓ Advertising, promotion, sponsorship, direct and interactive marketing, personal selling, publicity, and public relations; and

✓ Employee training.

✓ The ability of a marketing program investment to transfer or multiply farther down the chain depends on qualitative aspects of the marketing program and the program quality multiplier.
Brand Value Chain

Program Quality Multiplier

✔ The ability of the marketing program to affect the customer mind-set will depend on its quality.

✔ Some key considerations in this are termed as DRIVE:

✔ Distinctiveness:
  1) How unique is the marketing program?
  2) How creative or differentiating is it?

✔ Relevance:
  1) How meaningful is the marketing program to customers?
  2) Do consumers feel the brand is one they should seriously consider?
Brand Value Chain

✓ Integrated:
1) How well integrated is the marketing program at one point in time and over time?
2) Do all aspects combine to create the biggest impact with customers as possible?
3) Does the marketing program relate effectively to past marketing programs and properly balance continuity and change, evolving the brand in the right direction?

✓ Value:
1) How much short-run and long-run value does the marketing program create?
2) Will it profitably drive sales in the short run?
3) Will it build brand equity in the long run?

✓ Excellence:
1) Is the individual marketing activity designed to satisfy the highest standards?
2) Does it reflect state-of-the art thinking and corporate wisdom as success factors for that particular type of marketing activity?
Brand Value Chain

Customer Mind-Set

☑ In what ways have customers been changed as a result of the marketing program?

☑ How have those changes manifested themselves in the customer mind-set?

☑ The customer mind-set includes everything that exists in the minds of customers with respect to a brand:
  ✓ Thoughts,
  ✓ Feelings,
  ✓ Experiences,
  ✓ Images,
  ✓ Perceptions,
  ✓ Beliefs, and
  ✓ Attitudes.
Brand Value Chain

✓ “5 As” list can highlight important measures of the customer mindset as suggested by the resonance model:

✓ Brand Awareness:
  ✓ The extent and ease with which customers recall and recognize the brand and can identify the products and services with which it is associated.

✓ Brand Associations:
  ✓ The strength, favorability, and uniqueness of perceived attributes and benefits for the brand.
  ✓ Brand associations often represent key sources of brand value, because they are the means by which consumers feel brands satisfy their needs.
Brand Value Chain

✓ **Brand Attitudes:**
  ✓ Overall evaluations of the brand in terms of its quality and the satisfaction it generates.

✓ **Brand Attachment:**
  ✓ The degree of loyalty the customer feels toward the brand.
  ✓ A strong form of attachment, *adherence*, is the consumer’s resistance to change and the ability of a brand to withstand bad news like a product or service failure.
  ✓ In the extreme, attachment can even become *addiction*.

✓ **Brand Activity:**
  ✓ The extent to which customers use the brand, talk to others about the brand, seek out brand information, promotions, and events, and so on.
Brand Value Chain

✓ These five dimensions can be easily related to the brand resonance model:
  ✓ (awareness relates to salience, associations relate to performance and imagery, attitudes relate to judgments and feelings, and attachment and activity relate to resonance).

✓ As in the resonance model, an obvious hierarchy exists in the dimensions of value:
  ✓ Awareness supports associations, which drive attitudes that lead to attachment and activity.
Brand Value Chain

✓ Brand value is created at this stage when customers have
  1) Deep, broad brand awareness;
  2) Appropriately strong, favorable, and unique points-of-parity and points-of-difference;
  3) Positive brand judgments and feelings;
  4) Intense brand attachment and loyalty; and
  5) A high degree of brand activity.
Brand Value Chain

Marketplace Conditions Multiplier

✓ The extent to which value created in the minds of customers affects market performance depends on factors beyond the individual customer.

✓ Three such factors are:
  1) Competitive superiority:
     ✓ How effective are the marketing investments of competing brands?
  2) Channel and other intermediary support:
     ✓ How much brand reinforcement and selling effort is being put forth by various marketing partners?
  3) Customer size and profile:
     ✓ How many and what types of customers are attracted to the brand?
     ✓ Are they profitable?
Brand Value Chain

The value created in the minds of customers will translate to favorable market performance when

- Competitors fail to provide a significant threat,
- Channel members and other intermediaries provide strong support, and
- A sizable number of profitable customers are attracted to the brand.
Brand Value Chain

Market Performance

- The customer mind-set affects how customers react in the marketplace in six main ways.
- The first two relate to price premiums and price elasticities.
  - How much extra are customers willing to pay for a comparable product because of its brand? And
  - How much does their demand increase or decrease when the price rises or falls?
- A third outcome is market share, which measures the success of the marketing program in driving brand sales.
- The first three outcomes determine the direct revenue stream attributable to the brand over time.
Brand Value Chain

✓ Brand value is created with
  1) Higher market shares,
  2) Greater price premiums, and
  3) More elastic responses to price decreases and inelastic responses to price increases.

✓ The fourth outcome is brand expansion, the success of the brand in supporting line and category extensions and new-product launches into related categories.

✓ This dimension captures the brand’s ability to add enhancements to the revenue stream.
The **fifth** outcome is **cost structure** or, more specifically, **reduced marketing program expenditures thanks to the prevailing customer mind-set**.

- When customers already have favorable opinions and knowledge about a brand, any aspect of the marketing program is likely to be more effective for the same expenditure level;
- The same level of effectiveness can be achieved at a lower cost because ads are more memorable, sales calls more productive, and so on.

When combined, these five outcomes lead to **brand profitability**, the **sixth** outcome.

- The ability of the brand value created at this stage to reach the final stage in terms of stock market valuation again **depends on external factors**, this time according to the investor **sentiment multiplier**.
Financial analysts and investors consider a host of factors in arriving at their brand valuations and investment decisions including:

I. **Market dynamics:**
   - What are the dynamics of the financial markets as a whole (interest rates, investor sentiment, supply of capital)?

II. **Growth potential:**
   - What is the growth potential or prospects for the brand and the industry in which it operates?
   - For example, how helpful are the facilitating factors and how inhibiting are the hindering external factors that make up the firm’s economic, social, physical, and legal environment?
Brand Value Chain

III. Risk profile:
✓ What is the risk profile for the brand?
✓ How vulnerable is the brand to those facilitating and inhibiting factors?

IV. Brand contribution:
✓ How important is the brand to the firm’s brand portfolio?
Brand Value Chain

Shareholder Value

✓ The financial marketplace formulates opinions and assessments that have very direct financial implications for the brand value.

✓ Three particularly important indicators are
  1) The stock price,
  2) The price/earnings multiple, and
  3) Overall market capitalization for the firm.

✓ Research has shown that not only can strong brands deliver greater returns to stockholders, they can do so with less risk.
Brand Value Chain

1. Brand Positioning Model
   - Points-of-Parity
   - Points-of-Difference

2. Brand Resonance Model
   - Salience
   - Performance
   - Imagery
   - Feelings

3. Brand Value Chain Model
   - Marketing Activity
   - Customer Mind-Set
   - Market Performance
   - Shareholder Value

FIGURE 3-6
The Brand Planning Models
The End