ISSN 2449-7479
eISSN 2543-8840
amme.wne.sggw.pl

Annals of Marketing Management & Economics
Vol. 3, No 1, 2017, 49–57
DOI 10.22630/AMME. 2017.3.1.5

ENTERPRISE BRANDING STRATEGIES

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INTRODUCTION

The main aims of this paper are to present the role, the importance and a procedure for creating branding strategies at an enterprise. In particular, the analysis is intended to provide a background for conceiving a brand strategy, brand extension and brand equity. Two hypotheses are formulated: a brand has value for an enterprise and customers; and building a strong brand is both an art and a science. These hypotheses will be tested as the topic and issues of branding strategies are introduced and discussed.

The American Marketing Association defines a brand as a name, term, design, symbol (or combination thereof), intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors [WWW 1]. A brand is a product or service whose dimensions differentiate it from other products or services and designed to satisfy the same customer need. These differences may be functional, rational or tangible, and are related to product performance. They may also be symbolic, emotional, intangible and related to what the brand represents or means in an abstract sense. Before delimiting a brand, an enterprise has to learn the needs, habits and desires of current and prospective customers. It requires attention to the enterprise's mission, benefits and features of goods or services. It is important to know what customers think of the enterprise and what qualities may be associated with it.

The brand should be developed by writing a memorable, meaningful and concise statement that captures its significance. Brand recognition and reactions are created when customer experiences are accumulated with the specific good or service, both relating to its use, and through the influence of its promotion, design, and review by the media. A brand often includes an explicit logo, fonts, colour schemes, symbols or sound, which may be developed to represent implied values, ideas and even personality.

Branding enhances every aspect of employee activities – how to answer phones, what salespeople wear, how sales calls should be handled and emails dealt with. It should be applied to written communication and incorporated in the visual imagery of materials online. Marketers may also design templates and create brand standards for marketing mix. It is worth creating a great brand to engage customers, gain their loyalty and cause competitors to try to imitate the company rather than mock it. Still, a company can be damaged by rumors or outright disgraced by bad employee behaviour or poor press. Poor press is an especially thorny problem today, as once something makes it way online, it is never truly removed.

Brand loyalty provides predictability and security of demand and creates barriers to entry for other enterprises seeking to carve out a place on the market. Loyalty can also be translated into customer willingness to pay a higher price than for competing brands [Jones and George 2008]. The most distinctive skill of marketers is their ability to create, maintain, enhance and protect brands.

A brand's promise is the vision of what the brand must be and do for customers. Customers will decide, based on what they think and feel about this promise. Brand identity allows customers, and enterprises, to assign responsibility for performance to a particular manufacturer or distributor. Customers learn about brands through past experiences with their products, finding out which satisfy their needs. People are ever more challenged by their complicated, hectic lives, so a brand's ability to simplify decision-making and reduce risk is invaluable.

Brands simplify product handling and tracing while helping to coordinate inventory and accounting records. They offer legal protection for unique product features. A brand name can be protected through registered trademarks and manufacturing processes can be protected through patents [Griffin et al. 2011]. Packaging can be protected through copyrights and proprietary designs. These intellectual property rights ensure that enterprises collect the benefits of a valuable asset. A credible brand signals a level of quality that encourages satisfied buyers to choose the product again.

CONCEIVING A BRAND STRATEGY

A brand strategy details how, what, where, when and to whom a plan communicates and delivers its messages [WWW 2]. Promotion and distribution channels are parts of the brand strategy, as are marketers' visual and verbal communication. Branding builds strong brand equity, which is the added value brought to an enterprise's goods or services that allows it to charge more for the brand than is charged for unbranded products. The added value intrinsic to brand equity frequently comes in the form of perceived quality and emotional attachment (e.g. Nike associates its products with star athletes, hoping that customers will transfer their emotional attachment from the athlete to the product).

The main steps of strategic brand management are illustrated in Figure 1. For branding strategies to be successful and brand value to be created, customers must be convinced there are meaningful differences among brands in the goods or service category. Brand differences often relate to attributes or benefits of the product itself. Some enterprises (e.g. Gillette) have led their product categories for decades, due in part to continual innovation [WWW 3].

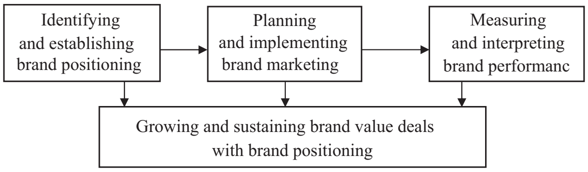

FIG. 1. The strategic brand management process
Source: the author.

A strategy for branding new products is especially critical. An enterprise has three main choices:
– develop new brand elements;
– apply some of its existing brand elements;
– use a combination of new and existing brand elements.

When an enterprise uses an established brand to introduce a new product, it is called a brand extension. When marketers combine a new brand with an existing brand, the brand extension can be called a sub-brand. The existing brand that imparts a brand extension or sub-brand is called the master brand or family brand [Michalski 2012].

A brand line consists of all products, be they original or line and category extensions, sold under a particular brand. They result from the pressure retailers put on manufacturers to provide distinctive offerings (e.g. an enterprise may supply its low-end cameras to mass merchandisers while limiting its higher-priced items to camera shops). A licensed product is one whose brand name has been licensed out to other manufacturers that actually make the product.

Marketers often need multiple brands in order to pursue several segments. Other reasons to introduce multiple brands in a category include a desire to increase shelf presence and retailer dependence in the store; to attract customers seeking variety; to increase internal competition; and to yield economies of scale in promoting, selling, merchandising and distributing the products.

Three general strategies are prevalent in choosing brand names [Griffin et al. 2011]:
1. Individual or separate family brand names. A major advantage of these is that if a product ends up being of low quality, the enterprise has not tied its reputation to it.
2. Enterprises can use an umbrella brand across their entire range of products. Development costs are lower because there is no need to do name research or spend excessively on promotion.
3. Sub-brands combine two or more of an enterprise's brands, family brands or individual product brand names. Various durable goods producers, such as: Honda, Sony and Hewlett-Packard, use sub-brands for their products.

The brand portfolio is the set of all brands and brand lines an enterprise offers for sale in a distinct category or market segment. An optimal brand portfolio is one in which each of its constituent brands works together to maximise profit. The basic principle in designing a brand portfolio is to maximise market coverage so no potential customers are being ignored. It minimises brand overlap so that brands are not competing for customer approval. Each brand should be clearly differentiated and appeal to a sizable enough market segment to justify its marketing and production costs. Marketers monitor brand portfolios over time to identify weak brands and destroy unprofitable ones.

Retailers like the relatively low-priced brands in a portfolio because they are able to trade up customers to a higher-priced brand. For example, BMW introduced certain models in series automobiles as a means of bringing new customers into the brand franchise, with the hope of later moving them to higher-priced models, when they decided to trade in their cars [WWW 4]. The role of a relatively high-priced brand often is to add prestige and credibility to the entire portfolio. The real value of Chevrolet's high-performance Corvette sports car was its ability to entice curious customers into showrooms, which helped improve the image of its other cars [WWW 5].

STRATEGY FOR BRAND EXTENSION

Two main advantages of brand extensions are that they can facilitate a new product's acceptance and create positive feedback for the parent brand and enterprise [Cateora et al. 2011]. Expectations about a new product are based on what customers know about the parent brand and the extent to which they feel this information is relevant. It may be easier to convince retailers to stock and promote a brand extension because it is expected to increase customer demand. Brand extensions fall into two general categories:

– line extension – the parent brand covers a new product within a category it currently serves, such as with new flavours, forms, colours, ingredients and packaging;
– category extension – marketers use the parent brand to enter a different product category. For example, Honda has used its enterprise name to cover such different products, as: automobiles, motorcycles, snow blowers, lawn mowers, marine engines, and snowmobiles [WWW 6]. This allows the enterprise to advertise six Honda automobiles in a two-car garage.

Extensions can reduce launch costs, which may be important when establishing a new brand name for a packaged good in the domestic marketplace [Michalski 2016]. This may help avoid difficulty with future naming and allow for packaging and labeling efficiencies. Identical packaging and labeling can lower production costs for extensions and provide more visibility in retail settings. Variations within a product category allow customers, who want a change, to switch to a different product type without having to leave the brand family. Brand extensions can provide feedback that helps to clarify core values or improve customer loyalty to the enterprise behind the extension.

Line extensions may cause the brand name to be less strongly identified with any one product. Brand dilution occurs when customers no longer associate a brand with a specific or highly similar set of products and start thinking less of the brand. Retailers reject many new products and brands because they do not have the shelf or display space for them. Marketing failures, in which too few customers were attracted to a brand, are typically much less damaging than product failures, in which the brand fundamentally fails to live up to its promise.

Even if sales of a brand extension are high and meet targets, the revenue may be coming from customers switching to the extension from existing parent-brand offerings, in effect cannibalising the parent brand. Shifts in sales may not necessarily be undesirable if they are a form of preemptive substitution. One easily overlooked disadvantage of brand extensions is that the enterprise forgoes creating a new brand with its own unique image and equity.

Successful brand extensions occur when the parent brand and the extension product are perceived to fit. High-quality brands stretch farther than average-quality brands, though both have boundaries.

Customers may transfer associations that are positive in the original product class but become negative in the extension context. However, a successful extension may contribute to the parent's brand image while enabling the brand to be even further extended.

When an enterprise has an attractive brand, customers will begin to associate positive feelings with it. Bad reviews can actually be a great opportunity to make the brand look even better. Responding simply to show that the company is listening shows how it will respond when the customer complains. An enterprise should have a home page, contact information, a listing of services or products and at least a simple "about" page. The stronger its website, the more customers it will attract and keep.

APPROACHES TO BRAND EQUITY

Brand equity is added value endowed on goods and services. It may be reflected in the way the customer thinks, feels and acts with respect to the brand, as well as in the prices, market share, and profitability the brand commands [Kotler and Keller 2011]. Brand equity arises from differences in customer response. If no differences occur, the brand-name product is essentially a commodity and competition will probably be based on price. Differences in response are a result of consumers' brand knowledge, the thoughts, feelings, images, experiences, and beliefs associated with the brand. Brands must create strong, favourable, and unique associations with customers, as do Toyota for reliability, Hallmark for caring, and Amazon.com for convenience.

Marketers use various overviews to study brand equity. Customer-based approaches view brand equity in terms of whether customers recognise what they have seen, read, heard, learned, thought, and felt about the brand over time [WWW 7]. Customers reach different dimensions to brand equity, as Figure 2 shows.

In the base level, presence, and active familiarity are based on past trials, saliency or knowledge of brand promise. The relevance of equity pertains to whether consumers' needs run in the right price range. Performance is the belief that the product performs acceptably and is on the consumer's short-list. Advantage refers to belief that the brand has an emotional or rational advantage over competitive brands. There are more customers at lower levels, so the challenge for marketers is to help them move up to the level of "bonding" (Fig. 2).

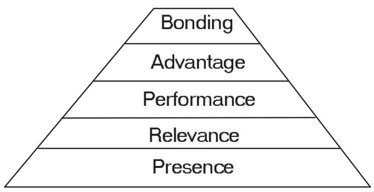

FIG. 2. The dimensions of brand equity

Source: the author based on Kotler and Keller 2011.

The relationships among these dimensions reveal a great deal about a brand's current and future status. Strong new brands show higher levels of differentiation and power than relevance, whereas both esteem and knowledge are still lower. Stronger brands bring in greater revenue. Declining brands show high knowledge, as evidence of past performance, a lower level of esteem, and even lower relevance and differentiation.

Thanks to strong brand equity, marketing communications increase effectiveness and reduce the vulnerability to competitive marketing actions. There is more inelastic customer response to price increases and more elastic response to price decreases. There are three important sets of brand equity drivers:

- the initial choices for the brand elements or identities making up the brand names, logos, symbols, characters, spokespeople, slogans, jingles and packages. They should be short, appealing, memorable, and active;
- marketing and supporting programmes;
- associations indirectly transferred to the brand by linking it to a person, place or thing.

Brand elements are those which can be trademarked and also help identify and differentiate the brand [Cateora et al. 2011]. As Figure 3 shows there are six criteria for choosing brand elements. Memorable elements (a short name, for example) allow customers to easily recall and recognise the brand. Meaningful elements give the brand credibility, while aesthetically appealing elements likewise boost its likeability. Transferability facilitates the introduction of new products in the same or different categories. For example, Amazon is the world's biggest river, and the name suggests the wide variety of goods that could be shipped, an important descriptor of the diverse range of products the company now sells. Adaptability shows how adjustable a brand is. A company's ability to protect its name legally safeguards the brand (e.g. Kleenex and Xerox retain their trademark rights, which help them stand apart).

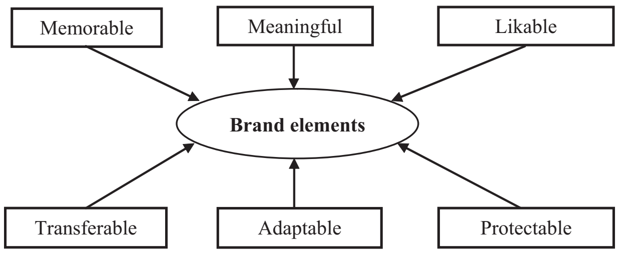

FIG. 3. Criteria for choosing brand elements
Source: the author.

The likability of brand elements may increase awareness and associations (friendly tire-shaped body of Michelin's Man's, for example). Many insurance firms use symbols of strength for their brands (Insurance Panda, for example). Conducting audits allows marketers to remain well-informed about their brands so they can manage them more proactively and responsively. Brand-tracking studies collect quantitative data from customers over time to provide consistent, baseline information about how brands and marketing programmes are performing [Malhorta 2009].

Marketers should distinguish brand equity from brand valuation, which places a financial value on the brand. Tracking studies help to understand where, how much and in what ways brand value is being created. Table 1 displays the world's most valuable brands in 2016.

TABLE 1. The World's most valuable brands in 2016

Ranking	Brand	Value (billion USD)
1	Apple	154.1
2	Google	82.5
3	Microsoft	75.2
4	Coca-Cola	58.5
5	Facebook	52.6
6	Toyota	42.1
7	IBM	41.4
8	Disney	39.5
9	McDonald's	39.1
10	GE	36.7

Sources: WWW 8.

Brand value creation begins when the enterprise targets actual or potential customers by investing in a marketing programme to develop the brand, including product research, development, design, trade, intermediary support and communications. Marketing and financial analyses are equally important in determining a brand's value. Customer lifetime value is affected by revenue and by the costs of customer acquisition, retention and cross--selling [Stiglitz 2002]. Acquisition depends on the number of prospects, the probability of a prospect, and spending per prospect. Add-on spending is a function of the efficiency of selling, the number of selling offers given to existing customers and the response rate to new offers. Assessment of brand value follows five steps (Fig. 4). Market segmentation describes how to divide the market(s) in which the brand is sold into mutually exclusive segments that help determine variations in the brand's different customer groups. Financial analysis assesses price, volume, and frequency to help calculate accurate forecasts of

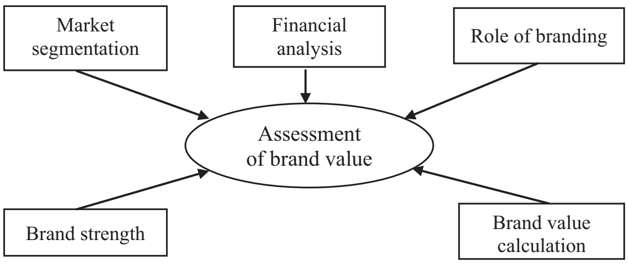

FIG. 4. Assessment of brand value
Source: the author.

future brand sales and revenues. Branding is attributed to identifying the various drivers of demand, then determining the degree to which the brand directly influences each.

The role of branding assessment is based on market research, client workshops, and interviews and represents the percentage of earnings the brand generates. Brand strength is assessed with competitive benchmarking and a structured evaluation of the brand's clarity, commitment, protection, responsiveness, authenticity, relevance, differentiation, consistency, presence, and understanding. An enterprise can use brand value assessments as a dynamic, strategic tool to identify and maximise return on brand investment across a host of areas. Short-term marketing actions, by changing brand knowledge, increase or decrease the long-term success of future marketing actions. As an enterprise's major enduring asset, a brand needs to be carefully managed so its value does not depreciate. For example, NIVEA [WWW 9], one of Europe's strongest brands, has expanded from a skin cream brand to a skin care and personal care brand through carefully designed and implemented brand extensions that reinforce the brand promise of mild, gentle, and caring.

In practically every product category, once-prominent and admired brands – Oldsmobile and Polaroid, to name two – have fallen on hard times. After nearly likewise succumbing, Fiat and Volkswagen have turned their brand fortunes around to varying degrees. An important part of reinforcing brands is providing consistent marketing support. Failure to reinforce the brand will diminish brand awareness and weaken brand image. Often, the first step in revitalising a brand is to understand what the sources of brand equity were to begin with, then decide whether to retain the same positioning or create a new one.

The brand equity and customer equity perspectives emphasise the importance of customer loyalty and the notion of creating value by having as many customers as possible pay as high a price as possible. Both brand equity and customer equity matter because there are no brands without customers and no customers without brands.

CONCLUSION

An enterprise's most valuable intangible assets are its brands. It requires careful planning, a deep long-term commitment, and creatively designed and executed marketing. A strong brand commands intense consumer loyalty.

The analysis carried out in this paper has looked at knowledge, understanding and the usefulness of strategy branding. Both hypotheses of the article have been confirmed.

Branding can be a powerful means to securing competitive advantage, helps customers establish their knowledge about goods and services in a way that clarifies their decision-making and also benefits the enterprise. Many enterprises introduce branded variants, which are brand lines supplied to particular retailers or distribution channels.

Marketers must judge each potential brand extension by how effectively it leverages existing brand equity from the parent brand, as well as how effectively it contributes to the parent brand's equity. Brand equity tends to emphasise strategic issues in managing brands and creating and leveraging brand awareness and image with customers. A brand audit is a consumer-focused series of procedures to assess the healthiness of the brand, uncover its sources of brand equity, and suggest ways to improve and leverage its equity. It establishes a strong relationship between the enterprise and existing, and new potential customers. Strong brand equity provides trade cooperation and support, and greater customer loyalty. Branding will be a factor in the success of an enterprise and gives it the confidence and power to do business.

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Summary. Preparation for marketing and implementation of exchange goods and services require branding strategies to be built. Effective branding can lend a major edge in increasingly competitive markets. An enterprise needs to determine how to conceive of brand strategy, set up brand extensions and determine the dimensions of brand equity. To understand the factors shaping branding strategies, marketers must understand where, how much and in what way brand value is created. Success or failure depend on continuously monitoring the effectiveness of branding strategies and the appropriate use of brand extension, brand equity and opportunities that appear on markets.

Key words: strategy, market, brand extension, brand portfolio, brand equity

JEL: M31

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