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Trends in Brand Marketing:

An interview with Kevin Lane Keller, author of *Strategic Brand Management*

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Interview with Prof. Kevin Lane Keller, author of *Strategic Brand Management*

Q. What are some of the important trends in brand marketing?

There are always trends in the marketing of brands, reflecting changes in the social, cultural, economic, technological, and political environments. Some of the important trends and themes that I address in the latest revision of my Strategic Brand Management text and that Phil Kotler and I address in the latest revision of Marketing Management text include:

1. Online marketing (along with the ubiquitous cell phone) and how these will revolutionize consumer and producer information and behavior.
2. The growing interest in addressing consumer emotions as well as reason. New methodologies are being developed to tap into unconscious thoughts of consumers that might unlock new customer insights.
3. The growing role of word-of-mouth in influencing customer choices, resulting from the growth of consumer-generated media such as blogs, Facebook, My Space, and so on.
4. The growing significance of corporate social responsibility and sustainability in the light of global warming and the need of companies to show a more caring attitude towards society and social problems.
5. The increasing pressure to measure the rate of return on marketing investments.

Q. Why do brands matter?

Brands build their strength by providing customers consistently superior product and service experiences. At the heart of a great brand is a great product or service. A strong brand is a promise or bond with customers. In return for their loyalty, customers expect the firm to satisfy their needs better than any other competitors. Superior delivery of desired benefits is the key – doing everything possible to meet customer needs and wants better than anyone else.

Q. What are some of the changing paradigms in the world of branding these days?

Probably one of the most important shifts in paradigms is the more important role that consumers are playing in the branding process. It is no longer the case that companies can just assume that consumers will passively follow along with marketing. In many cases, consumers want to play more active roles with brands and affect the images and positions they adopt and how they are marketed. That said, it is also important to recognize that not all consumers want to play this more active role, and certainly not all of the time. It is more a matter of degree.

There are a number of challenges in brand management these days. Internal branding is a major problem for many firms and it is important that all employees – not just the marketing department – understand and appreciate the brand. There needs to be activities and processes within the organization to make sure every employee is doing whatever he or she could be doing to best support the brand. Externally, there are many new, emerging ways to communicate about and distribute products and services – for example, through the internet via PC's or mobile phones – which must be effectively and efficiently integrated with older approaches to build the brand. Skillful marketers will mix and match these activities to create the best possible marketing programs.

Q. What are the changes in branding strategies for companies these days?

Companies are trying to simplify their brand architectures as much as possible, using as few brands as possible and making the brands that they do use as strong as possible. Companies are also trying to find new, fresh ways to create more compelling brand positions, especially in terms of more emotional appeals. Finally, companies are developing different types of marketing programs and activities to build their brand equity. Traditional approaches used, say 25 years ago, just don't work as well any more.

Q. What is the most important element in the process of building brand?

The most important process in building a brand is to establish a firm foundation with brand awareness and image by ensuring that consumers: 1) know who the brand is – its name and what it looks like, 2) what it does in terms of needs satisfied, benefits supplied and products and services that it offers; and 3) what makes the brand special and unique and worth buying. These three pieces must be constantly assessed and refreshed, if need be, over time.

Q. Is it possible to build a strong brand quickly?

Great brands are often born out of opportunity – they offer superior delivery of desired benefits. Marketing works best and is most successful when companies find an unmet consumer need, develop products and services that completely satisfy that need, and then ensure that consumers have a chance to try and experience those products and services.

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Q. What are some of the vital elements in brand management?

Brand management is most successful when everyone in the organization – not just the marketing department – has a clear understanding of what the brand represents and how their actions help and hurt the brand so that they act accordingly. Additionally, companies must also align bottom-up and top-down marketing management. Bottom-up brand management requires that marketing managers primarily direct their marketing activities to maximize brand equity for individual products in particular markets. Top-down brand management, on the other hand, involves marketing activities that capture the big picture and recognize the possible synergies across products and markets to brand products accordingly. These brand management activities are complementary and mutually reinforcing – both are necessary and need to be coordinated.

Top marketers also must create formalized measurement approaches and processes that ensure that they continually and exhaustively monitor their sources of brand equity and those of competitors. As part of this process, managers must develop a greater understanding of how different marketing actions affect their sources and outcomes of brand equity. By maintaining close contact with the brand, managers will be better able to understand just what makes their brands tick. By achieving greater accountability in marketing activities and programs,

managers can better optimize their brand investments, putting money behind the right brands at the right time and in the right ways

Q. What is the effect of technology and the Internet on brand management?

Technologies have clearly changed how all brands are marketed. Consumers have more information on brands, and companies have more information on consumers. Technology has increased transparency and in an information age, brand success will be increasingly dictated by those brands who can use technology in the smartest way possible to better understand what is happening with consumers and competition and why.

The Internet and online marketing activities have fundamentally changed how companies build and manage their brands. Companies now have the ability to develop informative home pages for their brands, link to other sites, affect search, and build user communities. Virtually every marketing campaign – no matter how large or how small – should have some kind of online component to support other marketing activities or to actually serve as the centerpiece of a marketing campaign.

Q. How can we manage brands in different market segments?

Marketing strategies and tactics will depend on the markets involved. Different consumer beliefs and attitudes, different competitive forces, different company capabilities, and different brand development may all require a different marketing approach in a country. Smart marketers are learning how to adapt their marketing to different regions and countries – what to standardize and what to customize.

Q. Is there a difference in the branding approach for small companies in comparison to big companies?

Much of the marketing approach is the same with respect to marketing strategy (segmentation, targeting and positioning) and marketing tactics (integration and growth), regardless of the size of the company. Five special additional guidelines, however, can be emphasized for smaller businesses:

1. Emphasize building one or two strong brands.
2. Focus the marketing program on one or two key associations.
3. Employ a well-integrated set of brand elements – brand names, logos, symbols, packaging, signage, characters, and especially slogans – that enhances both brand awareness and brand image.
4. Design creative brand-building push campaigns and consumer-involving pull campaigns that capture attention and generate demand.
5. Leverage as many secondary associations as possible (i.e., other people, places, and things that can be credibly linked to the brand and its products and services)

Q. Some brands have lost their leadership positions in recent years. Why?

All brands must be sure to innovate and stay relevant – keep the brand moving forward, but moving forward in the right direction. Products and services must be improved and the right new products and services introduced. Moreover, the marketing program that supports those products and services must remain fresh and vital. Companies get in trouble with their brands when they don't change enough over time, or when they try to change too much. Steady, evolutionary change is often best. At the end of every month or quarter, it is necessary to ask, "What have I done to innovate my brand and make sure it is still relevant. One-time global brand leader Kodak's biggest problem perhaps was being too slow to adapt

to a changing digital environment; American retailer The Gap lost many customers when it changed too much, too soon.

Q. How can companies improve their brand marketing strategies? What is essential for good marketing of brands?

Ten criteria and recommendations for great brand marketing are:

- Understand brand meaning and market appropriate products in an appropriate manner.
- Properly position the brand.
- Provide superior delivery of desired benefits.
- Employ a full range of complementary brand elements and supporting marketing activities.
- Embrace integrated marketing communications and communicate with a consistent voice.
- Measure consumer perceptions of value and develop a pricing strategy accordingly.
- Establish credibility and appropriate brand personality and imagery.
- Maintain innovation and relevance for the brand.
- Strategically design and implement a brand hierarchy and brand portfolio.
- Implement a brand equity management system to ensure that marketing actions properly reflect the brand equity concept.

Q. How do you design and implement a brand equity measurement system?

To identify and monitor sources of brand equity, it is necessary to design and implement a brand equity measurement system. A brand equity measurement system is a set of activities and procedures that is designed to provide timely, accurate, and actionable information and guidelines for marketers so that they can make the best possible tactical decisions in the short-run and strategic decisions in the long-run. Designing and implementing such a system involves the following four steps: 1) Conducting brand audits, 2) crafting brand charters, 3) employing brand tracking studies, and 4) implementing brand equity reports.

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Conducting Brand Audits. A brand audit is a comprehensive examination of a brand involving activities to assess the health of the brand, uncover its sources of equity, and suggest ways to improve and leverage that equity. The brand audit can be used to set strategic direction for the brand. Are the current sources of brand equity satisfactory? Do certain brand associations need to be strengthened? What brand opportunities exist and what potential challenges exist for brand equity? As a result of this strategic analysis, a marketing program can be put into place to maximize long-term brand equity. A brand audit should be conducted whenever important shifts in strategic direction are contemplated. Moreover, conducting brand audits on a regular basis (e.g., annually) allows marketers to keep their "fingers on the pulse" of their brands so that they can be more proactively and responsively managed. As such, they are particularly useful background for managers as they set up their marketing plans.

A brand audit requires understanding sources of brand equity from the perspective of both the firm and the consumer. From the perspective of the firm, it is necessary to understand exactly what products and services are currently being offered to consumers and how they are being marketed and branded. From the perspective of the consumer, it is necessary to dig deeply into the minds of consumers and tap their perceptions and beliefs to uncover the true meaning of brands and products. Specifically, the brand audit consists of two activities:

1) Brand inventory. The purpose of the brand inventory is to provide a complete, up-to-date profile of how all the products and services sold by a company are marketed and branded. For each product, the relevant brand elements must be identified, as well as the supporting marketing program. This information should be summarized visually and verbally. Although primarily a descriptive exercise, some useful analysis can be conducted as to the consistency of branding and marketing efforts.

2) Brand exploratory. The brand exploratory is research activity designed to identify potential sources of brand equity. The brand exploratory provides detailed information as to what consumers think of and feel about the brand. Although reviewing past studies and interviewing relevant personnel inside or outside the company provides some insights, additional research is often required. To allow a broader range of issues to be covered and also to permit those issues to be pursued in-depth, the brand exploratory often employs qualitative research techniques. To provide a more specific assessment of the sources of brand equity, a follow-up quantitative phase is often necessary.

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Crafting Brand Charters. The brand audit helps to inform and shape the Brand Charter. The company view of brand equity and what it has learned from the audit should be formalized into a document, the Brand Charter, which provides relevant guidelines to marketing managers. This document should: 1) Define the brand equity concept and explain its importance; 2) specify what the assumed equity is for the relevant brand (e.g., in terms of key associations); 3) explain how brand equity is measured by the firm in terms of the content and structure of tracking studies and the resulting Brand Equity Reports (described below); and 4) suggest how brand equity should be managed in terms of general principles. The Charter should be updated annually to identify new opportunities and risks and to fully reflect information gathered by the brand inventory and brand exploratory as part of any brand audits.

Employing Brand Tracking Studies. To check the success of the marketing program that emerges from the brand plan, tracking studies are often conducted. Whereas the brand audit is done on a non-recurring basis to help sharpen or change the brand positioning, tracking studies involve information collected from consumers on a routine basis over time. Tracking studies can achieve three major objectives. First, tracking studies can monitor consumer brand knowledge and brand awareness and the strength, favorability, and uniqueness of brand associations that represent key sources of brand equity. Second, tracking studies can also measure relevant outcomes of brand equity such as overall attitudes or preference for the brand, reported past usage and intended future usage, and price sensitivity. Finally, tracking studies can also analyze the marketing program with respect to its effects on the current brand image and how it can help to achieve the desired brand image. In summary, tracking studies can provide useful information as to how a brand is doing as well as why.

Implementing Brand Equity Reports. The results of the tracking survey and other relevant outcome measures for the brand should be assembled into Brand Equity Reports that are distributed to management on a regular basis (monthly, quarterly, or annually). The report ideally would combine relevant tracking information with other internal information and effectively integrate all these different measures into an interpretable and actionable form. In this way, the Brand Equity Report would provide descriptive information as to what is happening within a brand as well as diagnostic information as to why it is happening. With advances in computer technology, it will be increasingly easy for firms to place the information

that makes up the Brand Equity Report "on-line" so that it can be accessible to managers through the firm's intranet or some other means.

A group of Brand Overseers headed by Director(s) or Vice-President(s) of Brand Management or Brand Equity should be appointed within the organization. This group would be responsible for overseeing the implementation of the Brand Charter and Brand Equity Reports. Their task would be to make sure that, as much as possible, product and marketing actions across divisions and geographical boundaries are done in a way that reflected the spirit of the Brand Charter and the substance of the Brand Equity Report to maximize the short-term performance and long-term equity of brands.

Q. How can a manager know the return of investments in communication and advertising campaigns?

Firms use a variety of different quantitative and qualitative means to try assess the ROI of marketing expenditures, e.g., test markets, marketing mix modeling, expert opinion and so on. The basic challenge is to try to isolate the effects of any one marketing activity when there are so many different marketing activities going on at the same time. It is not easy, but here are four suggestions that can help.

- Spend wisely—focus and be creative. To be able to measure ROI, there needs to be a return to begin with! By investing in distinctive and well-designed marketing activities, there is a greater chance that a more positive and discernible ROI will ensue.
- Look for benchmarks—examine competitive spending levels and historical company norms. It is important to get the "lay of the land" in a market or category to understand the boundaries of what might be expected.
- Be strategic—apply brand equity models. Use models such as my brand resonance and brand value chain models – which I will describe during the seminar – to provide discipline and a structured approach to planning, implementing, and interpreting marketing activity.
- Be observant—track both formally and informally. Qualitative and quantitative insights can be used to better understand brand performance

"Brands will always be important given their fundamental purpose – to identify and differentiate products and services. A good brand makes people's lives a little easier and better."

Q. What is the future of branding?

Brands will always be important given their fundamental purpose – to identify and differentiate products and services. A good brand makes people's lives a little easier and better. People are loyal to brands that satisfy their expectations and deliver on its brand promise. In an increasingly complex and busy world, the ability of a brand to simplify consumer decision-making is powerful. The predictably good performance of a strong brand is something that consumers will always value. What will change, however, is the means by which firms will build those brands. Marketers must always be adopting state-of-the-art branding practices to ensure that their marketing programs and activities reflect the always changing economic, cultural, technological, social, and legal environments.

Q. What are the new branding challenges and opportunities especially nowadays with the global economic crisis?

The current economic crisis presents many challenges but also much opportunity for brand marketers at the same time. Research has show that in past recessions those firms that have been willing to invest in their marketing have emerged in a stronger position than those firms that have cut back spending and reduced their marketing investments.

Obviously those marketing investments must be wise ones. Perhaps the most important branding consideration in tough economic times is to establish perceptions of good value. Being seen as low priced or less expensive is not necessarily the answer, the more important consideration is that consumers feel that they are getting appropriate value from a product or service.

Value is basically all the benefits the consumer realizes versus all the costs that he or she incurs. It is important to view and these benefits and costs broadly. Benefits include the perceived monetary value of all the bundle of economic, functional, and psychological benefits that customers expect from a product. Similarly, costs are not restricted to the actual monetary price but may reflect opportunity costs of time, energy, and any psychological involvement in the decision that consumers might have. Top marketers in a recession will be sure to develop marketing programs and activities that optimally balance that equation so that consumers feel the collective benefits outweigh the collective costs as much as possible. That my involve framing the brand's costs and benefits so that they are seen in the most positive light possible.

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Q. What would you single out as the most important message out of your extensive experience in studying brands?

The most important message for marketers these days is to make sure they have a deep, rich understanding of consumers and how they think and feel about brands and their products and services. It is so fundamental and may seem obvious, but unfortunately many marketers still fall way short on that score.

About Kevin Lane Keller

Kevin Lane Keller is the E. B. Osborn Professor of Marketing at the Tuck School of Business at Dartmouth College. He has served as brand guru to marketers for some of the world's most successful brands, including Procter & Gamble, American Express, Disney and Intel. His textbook, *Strategic Brand Management*, is widely used at marketing and business colleges worldwide.

In conjunction with Professor John Roberts from the University of New South Wales, Keller helped Nielsen develop **Winning Brands**, a solution that tracks the underlying strength of the relationship between the customer and the brand, and uses this to create effective strategies to enhance that relationship.

For more information about Winning Brands, contact your Nielsen account manager.

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