

Brand Strategy

MKTG-GB.2365.S.30
Spring 2015

Professor: Scott Galloway
 Class Time: Monday 6:00pm – 9:00pm
 Class Location: KMC 1-70
 Office: Tisch Hall, Room 904
 Office Hours: By appointment only
 Telephone: (917) 567-2841
 Email: sgallowa@stern.nyu.edu
 TF: Parsa Sobhani
 Email: parsa.sobhani+brands@stern.nyu.edu
 TF Office Hours: By appointment only

COURSE OVERVIEW

This course is based on the teachings and writings of Professor David Aaker, considered the father of modern branding. This semester, we have updated the course and now you are required to purchase only one of Professor Aaker’s seminary works:

REQUIRED TEXT: David A. Aaker, Managing Brand Equity, The Free Press, 1991 (MBE)

Grades

- 50%** The Brand Strategy Project
- 50%** Class Participation
 1. Class discussion and social media influence
 2. Two written assignments chosen from four total

Assignments

Class	Project	Assignment	Assigned Reading
#1, 2/9		Twitter submission	
2/16		NO CLASS - HOLIDAY	
#2, 2/23			MBE Chapter 1-2
#3, 3/2	Deliverable #1	Written Assignment #1	MBE Chapter 3-5
#4, 3/9	Deliverable #2	Written Assignment #2	MBE Chapter 6-7
3/16		NO CLASS – SPRING BREAK	
#5, 3/23	Deliverable #3		MBE Chapter 9
#6, 3/30		Written Assignment #3	
#7, 4/6		Written Assignment #4	
#8, 4/13	Meet with TF		MBE Chapter 11
#9, 4/20			See provided link
#10-12		BATTLE OF THE BRANDS	

Brand planners/strategists face many challenges, including how to:

1. **Create a comprehensive brand architecture that will provide strategic direction;**
2. **Generate motivating brand identities and value propositions for the key brands;**
3. **Develop brand-building programs; and**
4. **Leverage new technologies.**

The goal of this course is to provide concepts, models, methods, and role models that will help address these challenges.

The brand architecture challenge involves an identification of the brands and the sub-brands that are to be involved, their respective roles, and, most important, how they relate to each other. Effective, well-conceived brand architecture will lead to clarity in customer offerings and realize real synergies in the brands and their communication programs. What is destructive and wasteful is to have a host of brands that emerge and drift in a random, disorganized fashion resulting in a confused set of offerings with monumental communication inefficiencies. A key issue in the creation of effective brand architecture is knowing when to stretch an existing brand, when to employ a new brand, when to use sub-brands, and when to use endorsed brands. The roles and management of sub-brands and endorsed brands are often the key elements of brand architecture decisions. Can a sub-brand or endorsed brand be used to help a brand stretch over products and markets?

The brand identity challenge is to have a vision of how each actively-managed brand should be perceived by its target audience. The brand identity helps to provide clarity of mission for employees and partners and clarity of offering to customers. It needs to resonate with customers, differentiate from competitors, and reflect the organization's resources and plans.

Development of communication and other brand-building programs needed to realize the brand identity is the third challenge. Brand-building programs not only implement the brand identity, but also define it. An advertising execution or sponsorship can bring clarity and focus to a brand identity that appears sterile and ambiguous. In fact, some strategies are difficult to communicate in words without some pilot executional elements. In addition, some executional effort may provide confidence that a strategy is doable. Brand strategies need to be created and implemented in the context of organizational structures and processes. This course will consider various forms of organizational efforts to support brand building. Global brand management creates complexities that put strains on the organization, and these strains will also be addressed.

The fourth challenge requires brand strategists to keep pace with the constant changes and advances in technology that have radically changed the concepts of brand management and communication. This class uses Klout and Twitter to measure students' influence on social media and ability to demonstrate proficiency in technological communication tools.

THE BRAND STRATEGY PROJECT

A brand strategy project is to be undertaken by a team of **7 or 8** people for a client with a new or existing brand. The project will count for about 50% of the grade. The project should involve some interviews or workshops with people in the client firm. Pick a client that has one or more people who are willing to spend a few hours with you. You should pick a context in which there is strategic brand issue (i.e. opportunity or challenge). It could involve a brand extension with a new brand vs. endorsed brand vs. sub-brand decision. Or it might involve articulating and positioning a new brand or the role of the corporate brand. It could also involve reviving a tired brand or assessing which brands warrant investment for growth, and how.

Developing a Brand Strategy

When you are developing a brand strategy do not attempt to apply every brand concept that you know. Draw on those that are really relevant and helpful. There is no checklist here. Focus your efforts on the most important brands and branding issues.

Report Outline

The following provides an outline of the report:

1. A brand audit **as outlined in the appendix**. You should consider including:
 - a. Brand inventory.
 - b. Description of the current brand image and communication strategy—if customer research is not feasible, the opinions of managers could be used.
 - c. Competitor brand analysis.
 - d. Brand portfolio roles—what are the silver bullet brands, the strategic brands?
 - e. Brand system evaluation.

2. A brand identity and value proposition recommendation for one or more of the major brands. Specify if this identity is to be modified for different products or segments. For each brand identity, specify:
 - a. The brand essence
 - b. The core identities
 - c. Strategic imperatives
 - d. Role models—internal or external
 - e. A measurement instrument

This phase should involve an assessment of the customers, competitors, and the brand itself. In the customer research, it might be appropriate to do some qualitative research to get at the brand's perceived heritage, unique attributes, brand personality, organizational associations, symbols, functional benefits, emotional benefits, and self-expressive benefits. The same information should be obtained about the major competitors—sometimes this can be implied from Web sites, ads, supplemented by secondary research. The brand goals of your client brand and competitors in part can come from reviewing their annual reports and current advertising.

3. Develop recommendations for a communication program for the brand. You can develop logos, packages, and ads, if you wish. However, you can also provide broad suggestions as to the elements of the communication program and not provide any creative work. What events

might be sponsored? What promotions? What co-branding efforts? What visual images? What metaphors? What can be done to build/reinforce awareness, perceived quality, brand loyalty, and associations?

4. Develop a brand architecture that specifies the key brands and the relationship between them. Specify the use of endorsed brands, sub-brands, branded features/components, co-brands, etc. Identify the key brand architecture issues and defend your recommendations with respect to those issues.
5. Find a “best practice” brand strategy that could provide insights and guidance to your brand strategy. It might be a brand from a competing firm or from another industry. These benchmarking brands should be looked at critically—why might the strategy work in that context but not in ours? What is different?
6. Develop a Social Media Optimization (SMO) and a Search Engine Optimization (SEO) strategy for the brand.
7. Optional: If appropriate, develop a new brand name for a brand, a sub-brand, or a branded feature.

Report Schedule – dates are tentative and subject to change

Hand in by class 3 a note outlining:

1. The group members (7 or 8)
2. The client selected
3. The brand to be focused on

Hand in by class 4 a memo with a draft of the brand audit (it can be incomplete) and an identification of the major brand strategy issues.

Hand in by class 5 a first draft of the brand identity and value proposition paper and the brand architecture section. Both can be incomplete. It does not have to be a final draft.

Meet by class 8 with Parsa Sobhani with at least four group members as a status update to your project

Submit an electronic copy of final presentation deck with detailed speaking notes and back-up material **by the day of your final presentation. No physical copy.**

Teams

At the end of the semester, you will have an opportunity to provide me with feedback on the relative contributions of your team members. Obviously, it is important that each member carries his or her weight. These intra-group reviews will play an important role in the determination of final grades. It is possible that a grade could be reduced by one letter because of uniformly poor evaluations by other group members.

CLASS PARTICIPATION

This part of the course constitutes 50% of your grade and will include: two short written assignments, class discussions of cases from the text and current events, leveraging new technologies, and potentially a pop quiz or two.

To facilitate participation, name cards need to be used throughout the semester and students must attempt to maintain the same seat. No laptops open during class and tablets should only be used to reference e-book versions of the required texts. In order to be able to participate in class discussions, attendance is mandatory. Attendance will be taken at the beginning of each class. If for any reason you cannot attend a class session, please let the TF know in advance. You can miss two classes per term without impact on your grade. Missing more classes will adversely affect your class participation grade.

Leveraging new technologies and tools has become an ever increasing part of a Brand Manager or Brand Strategist's responsibilities. For you, this will mean the exercise of increasing your own online influence on social media platforms such as Twitter, or it may involve planning and executing SEO/SEM strategies, or it could involve something else entirely.

The real world can be unpredictable and so can this course, so be flexible and prepared to go off script. This will include guest speakers and deviations from the syllabus. Always feel free to reach out to the TF with any questions.

REQUIRED ASSIGNMENTS

The written assignments should be done individually or in teams of 2—no more than 1 partner. You only need to complete 2 of the assignments and can choose from the following 4 options. Each written assignment should be turned in before the class in which it is due and will not be returned. 1 submission per team. The Teaching Fellow will provide submission instructions closer to the due dates.

CLASS OUTLINE

***Due 2/8* Pre-Class Assignment: Twitter and Klout**

By **Sunday, February 8th at 6pm**, completely fill out and submit your account name from Twitter and Klout page URL. The TF will send you a Google form through email. If you do not have a Twitter or Klout account you will need to sign up. We will then analyze and rank order your accounts to understand your online influence. We will share results on Mondays throughout the semester.

Also, be prepared to share your thoughts on Twitter in class: What is it? How can it be used to build an individual or company's brand? How can it be used to make money?

Class 1 – Introduction and Brand Equity

Review course outline, answer questions.
 Overview of class.
 Discussion of project.

What is a brand?
 Why build brands? Why is it hard?

What is a strong brand? What examples can you nominate?
 What is brand equity?

Case: Netflix/Qwikster

Read <http://www.adweek.com/adfreak/25-biggest-brand-fails-2013-154633#intro>

Read <http://blogs.hbr.org/2011/09/how-netflix-lost-its-evangelis/>

What was the logic? Was it a mistake?

Class 2 – Brand Equity (Cont’d)

Read MBE Ch. 1-2

Read <http://blogs.hbr.org/2011/05/twelve-ways-to-create-barriers/>

Self-Guided Research Westin’s “Heavenly Bed” initial launch and impact on the brand

Awareness

- How do you create awareness?
- Who has done it well? How?

Perceived quality / Quality cues for:

- Cat Food
- Golf clubs
- Cosmetics
- Consulting firms

Why is Tiffany perceived as having high quality year after year?

Case: The Schlitz Story (MBE Chapter 4)

1. Why did Schlitz lose its perceived quality?
2. What was done to get it back? Why did those efforts fail? What would you have done?
3. Do you know of any brands that did recover from a perception of low quality? Consider, for example, Toyota, which started with a very bad quality reputation.

Class 3 – The Brand Identity

Read: MBE Ch. 3-5

Due: Written assignment #1

Due: Project deliverable #1

Assignment #1 – Due before Class 3 on 3/2

Write up a complete brand identity for CrossFit based upon the concepts from Aaker’s texts and answer the three questions on CrossFit found below.

1. Develop a brand identity. What is the core identity? The brand essence?
2. What, in your view, is the brand personality of CrossFit? How did it develop? How is it maintained?
3. How do you account for the CrossFit user’s involvement in the brand? The brand-specific language (i.e. box, WOD, etc.)?

Strategic analysis for Instagram

- Customer
- Competitors
- Self
- What should the brand identity be for Instagram?

Class 4 – Brand Identity (cont’d) and Valuing a Brand

Read MBE Ch. 6-7

Due: Written assignment #2

Due: Project deliverable #2

Case: The Y&R Brand Asset Valuator

Read <http://young-rubicam.de/tools-wissen/tools/brandasset-valuator/?lang=en>

1. What in your view are the strongest brands in the U.S.? Why?
2. Explain and evaluate the model. Does differentiation come first, as the model predicts? Can you think of counterexamples?
3. Examine the Power-Grid. Given that evidence and the underlying model, what would you say are the strongest brands in the U.S.?

Case: Luxury Sport Automobile Group

1. For each of the brands—Jaguar, Maserati, Mercedes, BMW, and Lexus:
 - a. What is the brand personality?
 - b. What is the emotional benefit?
 - c. What is the self-expressive benefit?
2. Rank the symbols in terms of their ability to add to brand equity.
3. Evaluate the advertising and Facebook pages of each.

Assignment #2 – Due before Class 4 on 3/9

Examine the following brands’ relationship with Amazon – products, pricing, merchandising,

Brands: LVMH, P&G, Estee Lauder and L’Oreal

What is the distribution strategy for each of these brands? How is Amazon different than traditional retailing?

Provide some recommendations on the optimal strategy, in your view, for prestige brands to engage (or not) with Amazon.

Class 5 – Brand Architecture and Extensions

Read MBE Ch. 9

Due: Project deliverable # 3

Case: Pottery Barn (Refer to the website or catalog as your source)

1. What is the PB image? What is its personality?
2. Evaluate PB’s decisions to:
 - a. Introduce a kid’s brand.
 - b. Introduce a brand for teens.
 - c. What are the risks? What research would you have done before making the decision?
 - d. What other business might PB extend into?
 - e. How should Crate & Barrel respond?

Case: American Express (Web site)

1. Evaluate the brand architecture. What are the strong points? The weak points?
2. Evaluate the Amex symbol. What is the logic?

Case: Amazon (Web site)

1. What is the brand identity of Amazon? The core identity?
2. Has it been extended too widely? On what product would you say no? On non eCommerce items?
3. What is the brand architecture?
4. Compare Amazon Luxury Beauty to Beauty Bar. (See MBE Chapter 5 for the Weight Watchers Story.) Is there any difference in their brand identities? What is the logic of owning two brands? Does it make sense?

Class 6 – Branding Online and Politics

Due: Written assignment #3

Assignment #3 – Due before Class 6 on 3/30

Brand Valuation Methodology

1. Why would you attempt to put a value on a brand?
2. Value the Shake Shack brand. Explain approach and methodology.

Class 7 – The Web and Digital IQ

Due: Written assignment #4

Case: The Digital IQ Index

Visit L2’s website and familiarize yourself with the Digital IQ Index and related offerings.

Brand & the Importance of Design

Branding on the Internet:

Explore the following sites:

- Pampers
- Louis Vuitton
- Kate Spade
- L’Oreal Paris

Evaluate and rank the above web sites for each of the following:

- | | |
|------------------------------|---------------------|
| 1. Look and feel—personality | 4. UI/UX |
| 2. Content | 5. Innovation |
| 3. Experience | 6. Path to purchase |

Assignment #4 – Due before Class 7 on 4/6

Write up an analysis of two of brands covered in one of the Digital IQ studies available at

<http://l2thinktank.com>

OR

Write answers to the below questions on Rodale:

1. Customer analysis: How would you segment the market?
2. Competitor analysis: How are the major competitors positioned?
3. Develop a brand identity for Rodale. What are the sub-brands?

4. What are immediate issues to be addressed? Where do we find growth?
5. Address these issues:
 - The aging of the brand.
 - The impact of the Internet.
 - Fitness trends.

Class 8 – Brand Based Investing & Building Global Brands

Read MBE Ch. 11

Complete check-in with Parsa Sobhani

Case: Develop a thesis/argument for investing (long or short) one of the following companies based on brand strategy principals:

- Apple (AAPL)
- Twitter (TWTR)
- Lulu Lemon (LULU)
- Under Armour (UA)
- Alibaba (BABA)
- Other (you choose)

Read <http://www.interbrand.com/en/best-global-brands/2013/articles-and-interviews/the-new-rules-of-brand-leadership.aspx>

Class 9 – The Brand That is You and Class Recap

Read <http://www.fastcompany.com/28905/brand-called-youh>

Read <http://www.forbes.com/sites/georgebradt/2012/10/03/how-to-manage-your-personal-brand-especially-during-a-job-search/>

Class 10/11 – Battle of the Brands, Rounds 1 and 2

Class 12 (Final Class) – Battle of the Brands, Round 3, and Winner Celebration

BIOGRAPHY, SCOTT GALLOWAY

Scott Galloway is the founder of L2, a think tank for digital innovation, and Clinical Professor of Marketing at the NYU Stern School of Business where he teaches brand strategy and digital marketing. Scott is also the founder of Firebrand Partners, an operational activist firm that has invested over \$1 billion in U.S. consumer and media companies.

In 1997, he founded Red Envelope (2007, \$100mm revs.), the premier Internet-based consumer gift retailer. In 1992, Scott founded Prophet, a brand strategy consultancy that employs over 250 professionals in the United States, Europe and Asia. Scott was elected to the World Economic Forum’s “Global Leaders of Tomorrow,” which recognizes 100 individuals under age 40 “whose accomplishments have had impact on a global level.” Scott has served on the board of directors of Eddie Bauer, The New York Times Company, Gateway Computer, and Berkeley’s Haas School of Business. He received a BA from UCLA and a MBA from the Haas School of Business at UC Berkeley.

APPENDIX – THE BRAND STRATEGY AUDIT

The process starts with a brand strategy audit that provides a systematic way to inventory current brand assets and strategy. The audit will allow problems to be identified and priorities to be set with respect to brand strategy development and implementation. There are five elements of the audit. The first identifies the brands and sub-brands. The second identifies the current image and strategy of each brand. The third analyzes the competitors. The fourth categorizes the brands as to their roles. And the fifth evaluates the brand system.

Brand Inventory

1. What are the organization's brands?
2. For each brand, what are the sub-brands?
3. For each brand, what are the branded features, services, or components?

Brand Image and Strategy

For each brand:

1. What is the brand image? Its perceived quality? Its brand personality?
2. What is the awareness level?
3. What is the brand's point of differentiation? Its current value proposition?
4. What is the brand's heritage?
5. Develop a profile of the brand's brand-building activities. What advertising themes have been placed behind the brand?

Competitors

1. Who are the major competitors or competitor types?
2. What are their strengths? How are they perceived? How is each positioned? Are they attempting to change perceptions? If appropriate, competitors' ads should be obtained and analyzed as to positioning strategies and quality and consistency of execution.

Brand Categorization

1. What brands or sub-brands are "strategic brands"—brands that deliver or are expected to deliver significant sales and profits to the firm or are important points of leverage for the organization (e.g., Hilton Rewards)?
2. What brands or sub-brands are silver bullets—brands or sub-brands that influence another brand? Are they being exploited properly? Are additional silver bullets needed?
3. What brands are playing endorser roles? In what ways do they add value? Is their identity appropriate for that role? Is any identity-building augmentation needed because a brand is playing an endorser role at times? Are there cases in which the endorser should recede or even become disassociated? Are there other contexts in which an endorser should be added or made more pronounced?
4. Identify umbrella or range brands—brands that range over product classes. Does the brand identity work in each context? Is there a plan that specifies what products the umbrella brands will include in the future?

Brand System Evaluation

1. Evaluate the number of brands. Are there too many? Are brands stretched too far? Should new brands be considered? What services, features or ingredients should be branded?

2. Are some brands not leveraged enough? Could they do more? Could they be used to attack new product markets? Could they be used to access value or premium markets?
3. Are there opportunities to partner or co-brand? What types of partners would serve to reduce limitations of the brand identity? What types would enhance the identity? In each case would it be more appropriate to be a modifier brand or a modified brand?
4. Does the system deliver clarity to the customer? Or confusion? Does the system represent a clear, motivating sense of purpose to employees and partners? Could sub-brands or sub-sub-brands be used to clarify or manage expectations?
5. Do the key brands have a brand identity? Are they actively managed?

A brand audit provides a start. The challenge is then to create a brand architecture, brand identities, and brand-building programs.



LATE POLICY

----- Original Message -----

From: "xxxx" <xxxx@stern.nyu.edu>

To: sgallowa@stern.nyu.edu

Sent: Tuesday, February 9, 2010 7:15:11 PM GMT -08:00 US/Canada Pacific

Subject: Brand Strategy Feedback

Prof. Galloway,

I would like to discuss a matter with you that bothered me. Yesterday evening I entered your 6pm Brand Strategy class approximately 1 hour late. As I entered the room, you quickly dismissed me, saying that I would need to leave and come back to the next class. After speaking with several students who are taking your class, they explained that you have a policy stating that students who arrive more than 15 minutes late will not be admitted to class.

As of yesterday evening, I was interested in three different Monday night classes that all occurred simultaneously. In order to decide which class to select, my plan for the evening was to sample all three and see which one I like most. Since I had never taken your class, I was unaware of your class policy. I was disappointed that you dismissed me from class considering (1) there is no way I could have been aware of your policy and (2) considering that it was the first day of evening classes and I arrived 1 hour late (not a few minutes), it was more probable that my tardiness was due to my desire to sample different classes rather than sheer complacency.

I have already registered for another class but I just wanted to be open and provide my opinion on the matter.

Regards,

xxxx

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xxxx

MBA 2010 Candidate

NYU Stern School of Business

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xxx-xxx-xxxx

----- Forwarded Message -----

From: scott@stern.nyu.edu

To: "xxxx" <xxxx@stern.nyu.edu>

Sent: Tuesday, February 9, 2010 9:34:02 PM GMT -08:00 US/Canada Pacific

Subject: Re: Brand Strategy Feedback

xxxx:

Thanks for the feedback. I, too, would like to offer some feedback.

Just so I've got this straight...you started in one class, left 15-20 minutes into it (stood up, walked out mid-lecture), went to another class (walked in 20 minutes late), left that class (again, presumably, in the middle of the lecture), and then came to my class. At that point (walking in an hour late) I asked you to come to the next class which "bothered" you.

Correct?

You state that, having not taken my class, it would be impossible to know our policy of not allowing people to walk in an hour late. Most risk analysis offers that in the face of substantial uncertainty, you opt for the more conservative path or hedge your bet (e.g., do not show up an hour late until you know the professor has an explicit policy for tolerating disrespectful behavior, check with the TA before class, etc.). I hope the lottery winner that is your recently crowned Monday evening Professor is teaching Judgment and Decision Making or Critical Thinking.

In addition, your logic effectively means you cannot be held accountable for any code of conduct before taking a class. For the record, we also have no stated policy against bursting into show tunes in the middle of class, urinating on desks or taking that revolutionary hair removal system for a spin. However, xxxx, there is a baseline level of decorum (i.e., manners) that we expect of grown men and women who the admissions department have deemed tomorrow's business leaders.

xxxx, let me be more serious for a moment. I do not know you, will not know you and have no real affinity or animosity for you. You are an anonymous student who is now regretting the send button on his laptop. It's with this context I hope you register pause...REAL pause xxxx and take to heart what I am about to tell you:

xxxx, get your shit together.

Getting a good job, working long hours, keeping your skills relevant, navigating the politics of an organization, finding a life/work balance...these are all really hard, xxxx. In contrast, respecting institutions, having manners, demonstrating a level of humility...these are all (relatively) easy. Get the easy stuff right xxxx. In and of themselves they will not make you successful. However, not possessing them will hold you back and you will not achieve your potential which, by virtue of you being admitted to Stern, you must have in spades. It's not too late xxxx...

Again, thanks for the feedback.

Professor Galloway