**Brands Relationship and interactions**

**BRAND PERSONALITY - THE RELATIONSHIP BASIS MODEL**

Some people may never aspire to have the personality of a competent leader but would like to have a relationship with one, especially if they need a banker or a lawyer. A trustworthy, dependable, conservative personality might be boring but might nonetheless reflect characteristics valued in a financial advisor, a lawn service, or even a car--consider the Volvo brand personality. The concept of a relationship between a brand and a person (analogous to that between two people) provides a different perspective on how brand personality might work.

To see how the relationship basis model works, consider the personality types of people with whom you have relationships and the nature of those relationships. Some of the types might be as follows:

Down-to-earth, family oriented, genuine, old-fashioned (Sincerity). This might describe brands like Hallmark, Kodak, and even Coke. The relationship might be similar to one that exists with a well-liked and respected member of the family. Spirited, young, up-to-date, outgoing (Excitement). In the softdrink category, Pepsi fits this mold more than Coke. Especially on a weekend evening, it might be enjoyable to have a friend who has these personality characteristics.

Accomplished, influential, competent (Competence). Perhaps Hewlett-Packard and the Wall Street Journal might fit this profile. Think of a relationship with a person whom you respect for their accomplishments, such as a teacher, minister or business leader; perhaps that is what a relationship between a business computer and its customer should be like.

Pretentious, wealthy, condescending (Sophistication). For some, this would be BMW, Mercedes, or Lexus (with gold trim) as opposed to the Mazda Miata or the VW Golf. The relationship could be similar to one with a powerful boss or a rich relative.

Athletic and outdoorsy (Ruggedness). Nike (versus LA Gear), Marlboro (versus Virginia Slims), and Wells Fargo (versus Bank of America) are examples. When planning an outing, a friend with outdoorsy interests would be welcome.

Two elements thus affect an individual's relationship with a brand. First, there is the relationship between the brand-as-person and the customer, which is analogous to the relationship between two people. Second, there is the brand personality--that is, the type of person the brand represents. The brand personality provides depth, feelings and liking to the relationship. Of course, a brand-customer relationship can also be based on a functional benefit, just as two people can have a strictly business relationship.

THE BRAND AS A FRIEND

One important relationship for many brands is a friendship link characterized by trust, dependability, understanding, and caring. A friend is there for you, treats you with respect, is comfortable, is someone you like, and is an enjoyable person with whom to spend time. This type of relationship was a driver for much of the Saturn program as was discussed in Chapter 2. General Foods, in fact, defines brand equity as a "liking" or a "friendship" relationship between the customer and the brand. WordPerfect, a software company that has always been a leader in customer service, would rate high on the friendship dimension.

A friend relationship can involve very different brand personalities. Some friends are fun and irreverent. Others are serious and command respect. Others are reliable and unpretentious. Still others are just comfortable to be around. A focus on the friend relationship rather than the brand personality can allow more scope and flexibility in the implementation of the brand identity.

Fred Posner of Ayer Worldwide has observed that people live in a world characterized by stress, alienation, and clutter. [footnote omitted] Noting that people cope by developing escape mechanisms and meaningful friendships, Posner suggests that brands can provide these roles by being either an "aspirational" or a "trusted" associate. Escape can take the form of aspirational relationships which provide a social lift or trusting relationships which provide some expertise or knowledge of a subject in which a given person is interested.

Posner believes that either relationship can be the basis for real differentiation and competitive advantage. He further suggests that the chosen relationship should be the centerpiece of brand strategy and execution.

Dodge Neon, like Saturn, wants to be considered a friend, but its friend relationship is a bit different.[footnote omitted] Aiming at the under-thirty crowd, Neon brand strategists have adopted a lighthearted tone reminiscent of the VW Beetle personality. The introductory ads (illustrated in Figure 5-7) showed a white Dodge Neon facing directly into the camera with the word "Hi" over the car, as if the car was talking to the reader. In contrast, the Saturn customer relationship is quite a bit more serious and adult in nature.

FIGURE 5-7

A Dodge Neon Ad

WHAT IF THE BRAND SPOKE TO YOU?

When considering brand personality, the natural tendency is to consider the brand to be a passive element in the relationship. The focus is upon consumer perceptions, attitudes, and behavior toward the brand; attitudes and perceptions of the brand itself are hidden behind the closed doors of the organization. Yet your relationship with another person is deeply affected by not only who that person is but also what that person thinks of you. Similarly, a brand-customer relationship will have an active partner at each end, the brand as well as the customer.

Max Blackston of Research International has argued that to understand brand-customer relationships, it is necessary to consider what a brand thinks of you. [footnote omitted] One approach to obtaining this information is to ask what the brand would say to you if it were a person. The result can be illuminating. Blackston illustrates this approach with a doctor-patient example. Consider a doctor who is perceived by all to be professional, caring, capable, and funny--characteristics that most would like in a doctor. But what if the doctor also felt you were a boring hypochondriac? The resulting negative relationship would be impossible to predict based only upon perceptions of the doctor's personality or external appearance.

Blackston's approach was used in a research study of a credit card brand. Customers were divided into two groups based on how they thought the personified brand would relate to them. For one customer segment (labeled the "respect" segment), the personified brand was seen as a dignified, sophisticated, educated world traveler who would have a definite presence in a restaurant. These customers believed that the card would make supportive comments to them like the following:

"My job is to help you get accepted."

"You have good taste."

A second "intimidated" segment, however, described a very different relationship with the brand. This group's view of the brand personality was similar to that observed in the respect segment, but had a very different spin. The credit card was perceived as being sophisticated and classy but also snobbish and condescending. This segment believed that the personified card would make negative comments such as the following:

"Are you ready for me, or will you spend more than you can afford?"

"If you don't like the conditions, get another card."

"I'm so well known and established that I can do what I want."

"If I were going to dinner, I would not include you in the party."

These two user segments had remarkably similar perceptions of the brand personality especially with respect to its demographic and socioeconomic characteristics. The two different perceived attitudes of the credit card toward the customer, however, reflected two very different relationships with the brand which in turn resulted in very different levels of brand ownership and usage.

Contexts in which it is often worthwhile to consider what a brand might say to a customer include those listed

below.

Upscale brands with a snobbish spin. Nearly any prestige or badge brand risks appearing snobbish to some in the target market. This risk is often much greater for those on the fringe of or just beyond the target market. In part, this perceived attitude restricted the market for Grey Poupon, advertised as the mustard of limousine riders. The brand has since tried to soften this message in order to expand its market and the usage rate.

Performance brands talking down to customers. Talking down to customers is a common danger for performance brands. Consider the VW Fahrvergnugen campaign. The use of the German word provided some nice associations (especially if one knew German) but risked implying that the brand looked down on those who did not "get" the clever symbol and campaign. A discarded campaign for Martel--"I assume you drink Martel"--ran the risk of talking down to all customers who were drinking a competitor's brand.

Power brands flexing their muscles. A brand that has power over the marketplace, like Microsoft and Intel in the 1990s or IBM in the past, has a real advantage as a result of being the industry standard. The risk is that by promoting this advantage, the brand may be perceived as being arrogant and willing to smother small, defenseless competitors. One respondent in a focus group reportedly said that if IBM was a vehicle, it would be a steamroller and would park in a handicapped space.

Intimidated brands showing their inferiority. A brand might risk appearing inferior if it tries too hard to be accepted into a more prestigious competitive grouping. Thus Sears could attempt to associate itself with trendier retailers and simply come off as being pathetic. The humorous thrust of the Sears campaign from Young & Rubicam, in which a woman goes there for a Die Hard battery but ends up buying great clothes, helps avoid this pitfall.

Any active brand relationship, though, needs to be managed. Sometimes adding a sense of humor or a symbol can help. In one study for a cigarette brand, the brand personality profile was a sophisticated individualist, stylish and corporate but also aging. Further, there was a segment, most of whom did not use the brand, who saw it as snobbish. This segment rejected the brand in part because it felt rejected by the brand. To combat this problem, the brand kept its upscale imagery but added, with gentle humor, a sense of irony about its status and prestige to soften the hard edge of the image.

RELATIONSHIP SEGMENTATION

Research International routinely segments consumers by brand relationship. In a first-phase research effort, fifty to a hundred subjects are interviewed, usually by phone. [footnote omitted] A series of open-ended questions are asked, including word associations, brand personalization, characteristics of liked and disliked brands, and a dialogue section (based on what the brand would say if it were a person).

The first analysis stage involves scanning the data and forming hypotheses about the types of relationships that exist. In the second stage, respondents are allocated to relationship categories on the basis of the hypothesized relationship groupings. In the process, the relationship typology is refined. The relationships are then formalized into specifications, and coders classify the respondents into those relationships. The groups are then profiled. Often the relationship groupings correspond to like, dislike, and neutral segments. The "dislike" group for credit cards, for example, perceived the brand as being snobbish; the "like" group, in contrast, felt that they were accepted by the brand.

# A taxonomy of brand linkages: the brand-relationship-interaction (BRI) matrix

Abstract

Brands and the relationships between them are of increasing importance to practitioners and of continued significance to researchers. The environment of increased communi-cation that continues to develop as a result of new and improved technology, together with the increasing use of brand extension, co-branding and other associative techniques and effects, is resulting in an increasingly complicated set of relationships between brands. In this paper we consider various types of brand constellations and propose a four-cell matrix based taxonomy of brand linkages as a contribution to the further understanding of this complex area.

## Introduction

In one of the earliest papers to investigate branding, Gardner and Levy (1955) suggested that brands were selected when the clusters of values represented by a brand matched customers’ rational and emotional needs, thus enabling them to reinforce and communicate aspects of their personality.

While Culliton’s (1948) view of the executive as an artist or ‘mixer of ingredients’ is still generally accepted, there has been considerable discussion of the interpretations by Borden (1964) and McCarthy (1964) that classified the mix into a number of “P”s.

Duncan and Moriarty (1998) point out that each of the “new generation marketing approaches - customer-focused, market-driven, outside-in, one-to-one marketing, data-driven marketing, relationship marketing, integrated marketing, and integrated marketing communications…emphasize two-way communication through better listening to customers and the idea that communication before, during and after transactions can build or destroy important brand relationships” (p.1). Yoo, Donthu and Yee (2000) showed that there were strong links between marketing mix elements and brand equity, both positive and negative.

Frequent price promotions reduced brand equity, while high advertising spending, price, distribution intensity and good store image were related to high brand equity. Duncan and Moriarty (1998) showed that the increase in interactivity that is made possible by new technology such as the Internet makes communication an even more important element in marketing than it has been in the past.

There is evidence that the on-line environment helps a service brand to build dialogue and strengthen the motivation of customers to the service offering (Davis, Buchanan-Oliver and Brodie, 2000) and that control of an on-line brand by its owner is necessarily looser than in traditional environments (de Chernatony, 2001). By this we mean that the increased communication between customers facilitated by the Internet can increase their involvement with a product and allow them to co-produce more value, so that greater transparency, hitherto associated with strong downward pressure on prices, now can be used to advantage.

In this paper we review some aspects of the nature of brand linkages, and propose a taxonomy to assist in understanding the relationships between brands, which we illustrate with examples from both the physical and the Internet worlds.

## The complex nature of brand linkages

The way that consumers perceive brands is a key determinant of long-term business-consumer relationships (Fournier, 1998). The term “brand” has been shown to comprise meanings drawn from two distinct sources; firstly the brand identity as codified and communicated by the brand originator, and secondly the brand meanings drawn from the users or consumer environment (Jevons, Gabbott, and de Chernatony, 2001).

This division of meaning between originator and consumer has a number of implications, not least the potential for ‘drift’ between organisationally determined meaning and user perceived meanings, (see de Chernatony and Dall’Olmo Riley [1997]). The drift between owner and user brand meanings is accentuated by communicative or rich environments such as the Internet, and this increases the importance of understanding the forms of linkages between brand meanings.

Understanding how consumers perceive the brand is of course vital to managers. Brand associations can be represented in a number of ways; verbal, visual, other physiological senses (such as taste, smell, sound) and emotional (Supphellen, 2000).

A large proportion of consumer brand perception is obtained under low-involvement conditions and is therefore not consciously processed by the consumer’s brain (Supphellen, 2000); associations tend to be stored in terms of metaphors and, importantly, they tend to aggregate in clusters.

Low and Lamb (2000, p. 360) found that “brand image, perceived quality, and brand attitude are separate and distinct dimensions of brand associations for a variety of brands and product categories, on an overall level”, although brand associations for less well-known brands tended to be more unidimensional.

From the point of view of the distribution channel, Collins-Dodd and Louviere (1998) found that brand names influenced the probability of independent retailers’ listing brand extensions, but that brand names did not influence those retailers’ sensitivity to mix elements such as consumer advertising, promotional allowances and wholesale price.

The discussion so far has been of interpretations of meaning of a single brand. However, managers attempt to create and modify brand meaning in the eyes of consumers in a number of ways, for example through brand extensions, which are apparently increasingly popular.

Murphy (1997) estimates that 95% of the 16,000 new products launched in the United States every year are brand extensions, which compares with Aaker’s (1990) finding that over the period 1977-84, 120-175 totally new brands were introduced to American supermarkets annually, of which approximately 40% each year were actually brand extensions, either stocked or own brand.

At its most basic, a brand extension is an attempt to link one product with another by use of a brand. The predictive value of brand names is one of the primary reasons that brand extension strategy is so pervasive; the brand name becomes more than a simple associative prompt and becomes a predictive cue (Janiszewski and van Osselaer, 2000). One of the managerial intentions of brand extension is presumably to link meaning by transferring some positive attitudes of consumers from the pre-existing brand to the newly-introduced one.

Although this is intended to be a one-way process, it has recently been shown (Sheinin, 2000) that after experience with a brand extension consumers changed their beliefs and attitudes about parent brands (although more so if the parent brand was unfamiliar than if it were familiar).

In the context of the Internet, where brands and the linkages between them are more dynamic, managerial control becomes less predictable in the extension process, since it allows for a two-way process where the original brand can become the recipient of positive attitudes from the extended brand.

This adds weight to the recommendation of accepting and building on the inevitability (de Chernatony, 2001) of decreasing managerial control of the brand in a high-communication environment such as the Internet, and shows that the link between brands is clearly a two-way process.

In the context of co-branding, however (defined as pairing two or more branded products to form a separate and unique product) Washburn, Till and Priluck (2000) found that brand equity perceptions by consumers was improved, regardless of whether the co-branding partner is a high or low equity brand, and that their “belief that a high equity brand would be denigrated by its pairing with a low equity brand was not supported”. (p.600).

Clearly, researchers and managers of brands should take great care in seeking understanding of such transitions, given the different effects of brand extension and co-branding reported in these pieces of research. It is hoped that the taxonomy of brand relationships proposed in this paper will help to provide clarification and definition.

## The changing environment

The Internet is magnifying the effects of business intermediaries, the action of interpretation of brands, and the relationship between image and identity. The outcome is that there is more noise, and brands are moderated and mediated more, both by and through the use of the new communication mechanism that is the Internet.

In consequence there is a changing relationship between brand image and brand identity, and brand identity and brand reality; customer meaning being a moderating factor. Brand reality is defined as “…organising branding so that employees are uniquely proud of the company’s brand leadership and [are] passionately aligned to branding this through activities they work on individually, and in teams…” (Macrae, 1999, p. 2).

The concept of brand reality has particular significance in the context of the increased communication power facilitated by the Internet (Jevons and Gabbott, 2000). Consistency in brand communications is important in building and maintaining a strong brand image, but often a brand’s ultimate presentation to customers at the point of purchase is in the control of a retailer domain rather than the manufacturer or brand owner, whether that be on-line or bricks-and-mortar.

Buchanan, Simmons and Bickart (1999) found that “context can create conditions in which customers are likely to rely less on previously formed attitudes and more on external cues. Despite the extensive marketing efforts involved in maintaining a high-equity brand’s positioning, retailers are able to negate the equity of an established brand through their display decisions.

This deterioration of brand equity has obvious implications for the brand in the long run, but it may even influence profitability in the short run.” (p. 353). This erosion of brand profitability is a result of retailers leveraging the value of a high-equity brand to create sales for other brands carried in the store as well as for the brand itself; an unwelcome brand linkage from the point of view of the manufacturer but intentional on the part of the retailer.

For a variety of reasons - business activity on the Internet with its increased communication between consumers, the rise of brand extension, co-branding, the increasing importance of brand association and other associative effects - brand constellations are emerging, which further increase the complex relationships between brands and also increase the interference of brand noise through their various structures and intermediaries. In an attempt to conceptualise this, a taxonomy of brand linkages is proposed.

## The model

Our proposition is that a four-cell matrix is the simplest way of illustrating the types of relationships involved, and that the defining factors are the nature of the business relationship – whether close or distant – and the linkage between the brands, which is either strong or weak. We ignore gradations on the scales, for the sake of simplicity. Business relationship in the table is defined as the formality and extent of control of one organisation by another. Brand linkage is defined as the linkage made by customers between the brands involved.

## Business Relationship Close Distant

## Brand linkage

**Strong** Interaction Supervisory Interaction Supervisory

Cell 1 Cell 2

**Weak** Interaction co-operative Interaction Transactional

Cell 3 Cell 4

## Figure 1: The brand - relationship - interaction matrix

Cell 1: Brand linkage strong, business relationship close

In this case strong formal control is exerted, often through ownership. Interaction is often supervisory in nature.

Some examples of this type of relationship are:

Families of brands such as business names or SBUs within one organisation, for example the Australian telecommunications provider Telstra and its products Big Pond (Internet service provision) and MobileNet, its mobile phone business.

Brand extensions into different markets - Virgin Megastores, Virgin Atlantic, Virgin Blue are in quite different markets; retailing of recorded music, transatlantic air travel, and Australian domestic air travel are different areas of operation but there is a common theme in Branson’s approach to business and hence the Virgin brand.

Factory outlets, where branded products from one manufacturer only are sold, generally in a less glamorous environment than the brand imagery would suggest, are nevertheless an example in this category because the control of the retail experience is entirely in the hands of the brand owner.

Strongly-controlled and supervised franchises such as McDonald’s are examples of where the corporate brand is owned separately from the retailer but there is very strong control of all aspects of product delivery and hence brand equity, often contractually enforceable through a franchise agreement.

Similar arrangements can apply in a non-franchise environment, such as an exclusive retailer not owned by the manufacturer, where a brand is sold exclusively through a retailer using the manufacturer’s brand (Bang and Olufsen; AMP life insurance is sold only by AMP agents.)

An exclusive retailer owned by the manufacturer, such as is increasingly applying in the fuel and motor retailing industries – independently-owned petrol retailers are declining in number in Australia and are being replaced (subject to declining numbers) by company-owned sites. Ford have a global policy of increasing the number of cars sold through company-owned dealerships; 25% of Fords sold in Australia in 2000 were from at least partly-owned dealerships, and there is a stated aim of increasing this to 40% in 2001.

Retailers can sell a closely-defined range of products closely associated with a brand name, although the products come from a range of manufacturers. The link is a common brand, such as in a Manchester United Football Club merchandise store.

Strongly personal services with named (branded) providers working for and hence contributing to a corporate brand - Tracey at Edward Beale hairdressers, Professor X at Y University, David Beckham of Manchester United and England football teams, are examples of the service provider’s professional autonomy providing a distinct and separate identity to the corporate brand, to which it nevertheless contributes. This allows and helps to define the value of the more or less lucrative transfer of an individual person, be he or she footballer, hairdresser or professor, from one employer to another.

Joint ventures and strategic alliances provide examples of classic co-branding, such as individually-branded designers providing interiors for cars, such as Ford and Eddie Bauer in America, and Ford and Carla Zampatti in Australia. The Walt Disney Company, renowned for its tight control over brand image, engages in closely-controlled joint ventures in markets where it does not have distribution strength, such as books. Indeed, the Walt Disney subsidiary that was a majority owner of Toysmart.com, which had advertised the personal information in its customer database for sale to pay creditors as it struggled unsuccessfully to stay in business, paid US$50,000 to have the database destroyed. While it is true that numerous lawsuits had been started to try to preserve the privacy of the list, Disney’s tight control of its image was presumably a factor in the decision. Possibly the tightness of control by Disney may have been a reason for the lack of success of its Internet group. Disney, acknowledging that it would never become an Internet industry leader, announced the closure of its Go.com portal and the merger of Disney Internet Group back into Disney effective March 2001, with the loss of 400 jobs (Gentile, 2001).

Cell 2: Brand linkage strong, business relationship distant

Here control is informal and weaker than when the business relationship is close. Interaction is often advisory, for example, manufacturer provision of a merchandising service to a retailer.

Some examples of this type of relationship are:

Exclusive retail dealerships, such as a well-known retailer taking on a variety of different agencies, for example Geoff Brady, a large Melbourne (Australia) car dealer, has separately-branded but physically adjoining outlets for Holden (General Motors), Mitsubishi, Volkswagen, and Kia.

Computer accredited resellers, where manufacturers such as Hewlett-Packard provide official training and certification. Such certification is not necessarily exclusive and retailers may be accredited by more than one manufacturer.

Sponsorships with naming rights, such as the Ford Australian Open tennis tournament. Interestingly, this multi-million dollar relationship ended in 2001, soon after the tournament decided it would conform with the other Grand Slam tournaments in France, the US and Wimbledon and cease to sell naming rights. Manchester United have a 35 million pound sponsorship deal with Vodaphone, and Chelsea FC announced a three-year, 22 million pound deal with Emirates airline at the end of January 2001, but despite the size of the sums of money involved we assert that the business relationship is distant since neither party intrudes on the other’s professional judgement in business or sporting management. Sponsorships without naming rights would fall into Cell 4, weak linkage and distant business relationship.

An approval process on moral or religious grounds, such as censorship classifications or a process such as that of the Catholic Church, which provides a two-stage approval process for books; the first being the “nihil obstat”, where a senior member of the Church hierarchy examines the content and decides that there are no theological grounds for refusing publication, and the second being the “imprimatur”, a further approval that formally allows the printing and distribution of the text. The official responsible for each process is acknowledged in each copy of the publication.

Strategic alliances such as in the airline market where two groupings are emerging, One World (which includes, inter alia, Qantas, British Airways, Cathay Pacific, and Finnair, see http://www.oneworldalliance.com), and Star Alliance, (which includes, inter alia, United Airlines, Air Canada, All Nippon Airways, Lufthansa, Singapore Airlines, Air New Zealand, and Ansett Australia, see http://www.star-alliance.com). While British Airways owns 49% of Qantas, and there is cross-ownership between Singapore Airlines, Air New Zealand, and Ansett, there is little evidence apparent to the customer that the relationship is other than an alliance based on synergies in market strength and weakness. It would be naïve to suggest, though, that future corporate mergers and acquisitions would not reflect these marketing and branding alliances.

Affinity card schemes, popular in the UK and USA, where a card-issuing bank uses an association with a charity, to which it donates money without control over its activities. The bank leverages the charity’s endorsement to improve its brand positioning (Schlegelmilch and Woodruffe, 1995).

American Express and Qantas have a strong alliance through their “loyalty” card/point system, and American Express Travel Service favours Qantas over Ansett, its domestic competitor.

Visiting distinguished professors in a university are an interesting example of this sort of relationship. The professor has her or his own reputation, and also carries the reputation of the institution that is her or his primary affiliation. The industry works in such a way that the reputation of all those involved is enhanced when the professor takes up a visiting position at another, distant institution for a period of time. The host institution makes a limited financial commitment but the mutual enhancement of brand reputation is great.

Similarly, in a vocationally-oriented business school, sessional tutors with strong industry reputations are paid relatively little but the mutual enhancement of reputation can be great.

Horizontal marketing systems such as banks in supermarkets, where the retailer provides space, security and passing traffic and the bank provides an extra destination for the supermarket, are providing increasingly strong brand linkage with no more than a nominal business relationship.

More temporary alliances, such as individually-branded designers providing interiors for cars, such as Ford and Eddie Bauer in America, and Ford and Carla Zampatti in Australia, and a recent joint campaign in America between Kraft and Nickelodeon, where Kraft sought to increase its appeal with children and Nickelodeon was trying to increase its subscriber base (Samu, Krishnan and Smith, 1999) also fall into this category.

Cell 3: Brand linkage weak, business relationship close

In this category control is strong, either formal or informal, but linkage between the brands is weak. Interaction between the businesses is co-operative, for example joint management seminars and information sharing.

Some examples of this type of relationship are:

Competitors in one industry owned by same organisation: Ford and Volvo, GM and Saab. The new four-wheel drive BMW station wagon is said to have some technical features derived from BMW’s brief ownership of Land Rover.

Exclusive suppliers along the value chain: some Nike products are available exclusively in The FootLocker, but neither brand is seen as particularly strongly linked with the other.

Special relationships between supplier and retailer, e.g. Procter and Gamble and Wal-Mart, Dell and its corporate customers. Such knowledge-based partnering provides advantage to both parties but there is little strong brand partnering.

It is interesting to note that there are some potential ethical/disclosure issues raised by the invisible nature of the relationships between the parties involved in the above three examples. The possibility of corruption, either deliberate and formal or coincidental and informal, is real here.

Suppliers of retailers’ “own brand” products, where the manufacturer is essentially invisible and the retailer’s brand provides the only consumer message.

The common financial and administrative services provided by the back offices of multi-brand car dealers, which fall into Cell 2; the business relationship is very close and strongly controlled but little consumer branding is involved as the value is provided as an internal company service, reducing costs and sharing expertise.

Some franchises use different names in different markets for local or historical reasons, such as AutoNation (America’s largest automotive retailer). Interestingly, this organisation is now starting to move towards one brand name for all businesses.

Conglomerate organisations such as the telecommunications company Telstra and Sausage Software; Sausage is a non-exclusive supplier to Telstra, and is now majority-owned by it.

The manufacturers of “plug-ins” for Internet browsers have very strong business relationships with their major customers, Microsoft and Netscape; the businesses of Java, Flash, Shockwave and the like are totally dependent on the browser businesses, but there is little linkage between the brands because the industry has developed in such a way that the suppliers provide versions for both major browsers, and both Microsoft and Netscape allow the plug-in manufacturers access to sensitive technical information to facilitate their work.

Cell 4: Brand linkage weak, business relationship distant

In this case control and interaction is according to market conditions only. Such interaction as there is tends to be transactional, for example sales calls by employees of one business to another and ad hoc alliances.

Any unrelated organisations can provide examples of this relationship, or lack of it, such as health care and credit cards – although bonus loyalty points can be a potential link, as can ad hoc sponsorship deals that do not result in any great publicity (as opposed to sponsorships that include naming rights, for example, which fall into Cell 2).

A slightly stronger link is the opportunistic relationships between businesses in different sectors such as specific arrangements between graduate employment agencies and universities; Qantas, Telstra, ANZ Bank, Mobil petrol, and Visa credit cards that are all linked in the one loyalty points program.

Stronger still, but nevertheless distant, are joint ventures such as FlyBuys, the well-known Australian loyalty card system owned jointly by Shell, the Coles Myer retail group, and National Australia Financial Services; there have been to date very weak, if any, branding linkages between the constituent businesses apart from the FlyBuys venture itself.

Some other examples of this type of relationship are:

Suppliers of goods and services to general retailers - such as a particular brand of milk to a supermarket chain; merchandise not associated with ABC-broadcast programs in ABC shops.

University-based business incubators, where the common factor bringing the businesses together is the size and inexperience of the business and a shared need for infrastructure, and by extension other unrelated retailers physically located close together – shopping complexes under one roof, or traditional High Street shopping strips.

Strongly-branded products sold in a strongly-branded retailer - Country Road product sold through Myer, Louis Vuitton luggage in Harrods, or a well-known author’s books being sold through amazon.com.

Third-party products with weak branding sold through a strongly-branded retailer, such as non-Country Road brand merchandise sold in a Country Road store, or a little-known author’s book being sold through amazon.com, perhaps as a result of a recommendation by the on-line retailer.

Unwelcome linkages, such as the placement of branded products in a retail establishment to leverage the value of a high-equity brand to create sales of lesser brands, which can occur in bricks-and-mortar environments as well as on-line retailers – “people who bought this book also bought…”, which is a feature of amazon.com, is a strong example of this.

Conclusion

We have presented a conceptual synthesis of work on the dynamics of business relationships and the dynamics of brand relationships, with particular attention to new business environments, an area that is becoming more significant with the increasing importance of the Internet as a medium for business and have proposed a taxonomy for better understanding the relationships and linkages between brands.

It will be of critical importance for future researchers and practitioners to understand the increasingly complex variety of factors underlying and influencing the linkages between brands. Future work will concentrate on the operational implications of the taxonomy proposed here.

### Taxonomy: A Definition

Is the study of general principles of classification and relationships in a system, and represents these as generalizations of that system.

Promotes classification and standardization as a problem-solving approach.

Advertising Repetition and Consumer Beliefs: The Role of Source Memory

Convincing consumers of a product's benefits is crucial to the success of an advertising campaign. To achieve this goal, a strategy commonly adopted by marketers is to repeat simple product claims-- we have heard on numerous occasions that, "Campbells soup is good food." Therefore, an enduring question in the study of advertising effectiveness concerns the effect of repetition on the consumer (for reviews, see Calder & Sternthal, 1980; Pechmann & Stewart, 1989). Repeating an ad has been found to enhance memory for the advertised brand (Belch, 1982; Cacioppo & Petty, 1979). Multiple exposures of the same ad have also been found to first increase and then decrease positive attitude toward the advertised products (Cacioppo & Petty, 1979; Sawyer & Ward, 1979). Although the effect of repetition on consumers is clearly an important concern for marketers, very little research has been done on the impact of repetition on consumer beliefs. The objectives of this research are to (a) confirm prior findings that repetition increases belief in marketing claims, and (b) further our understanding of the memory mechanisms underlying the effect of repetition on beliefs.

Repetition-induced belief was first reported by Hasher, Goldstein, and Toppino (1977), who found that subjects rated repeated statements as being more truthful than new statements. This phenomenon has since been called the "truth effect." Two causal mechanisms have been proposed for this effect.

First, it is argued that subjects' sense of having seen the item before (i.e., sense of familiarity) leads to heightened validity ratings: A statement will seem true if it expresses facts that feel familiar (e.g., Bacon, 1979; Hawkins & Hoch, 1992). The only study in the marketing literature that has examined the truth effect is reported by Hawkins and Hoch ( 1992), who observed that repetition-induced familiarity leads to increases in belief of simple product claims. In an initial session, subjects were shown consumption-related trivia statements selected to be plausible but of uncertain truth value. During a later session, half of the original statements were re-presented along with a set of new statements.

**Does Advertising Clutter Have Diminishing and Negative Returns?**

Is advertising clutter an evil or a blessing to the media industry? That question has generated controversy among academics and practitioners alike. On the one hand, advertising brings revenue to the media; on the other hand, advertising clutter is widely believed to reduce the advertising effectiveness of the media. More and more media planners are now viewing advertising clutter as a factor that reduces a medium's effectiveness (Chan-Olmstead 1994; Mandese 1994). A study conducted by Advertising Age and The Roper Organization shows that consumers and marketers differ greatly in their acceptance of advertising in media, especially in magazines. Whereas 96% of marketing professionals think consumers accept magazine advertising, only 60% of consumers indicate that they accept it (Fawcett 1993).

Such divergent views between marketers and consumers on magazine advertising is noteworthy because magazines are the third largest advertising medium in the United States. In the first half of 1995, magazine advertising spending approximated $5 billion (Endicott 1995), just behind newspaper and television advertising spending. Advertising is an important source of income for most magazines, accounting for 50% of their total revenue (Lawhon 1992). Nevertheless, magazines' share of total advertising expenditures continues to decline (McCann Erickson Inc., cf. Rukeyers, Conney, and Winslow 1991 eds.). One reason for the decline is that advertisers have lost confidence in the effectiveness of magazine advertising. They doubt whether magazine advertisements will be read at all in a highly cluttered environment.

Despite this deep concern about advertising clutter, what constitutes clutter appears uncertain and unsettled. Past studies on TV clutter simply defined clutter as "the sum of non-programming components of broadcast materials" (Brown and Rothschild 1993, p.138). Ha's (1996) study of advertising clutter identified three interlacing dimensions of clutter: quantity, competitiveness, and intrusiveness. Quantity of clutter refers to the amount of advertising space in a medium. Competitiveness refers to...

Competitive Clutter in Network Television Advertising: Current Levels and Advertiser Responses

Recent findings indicate that competitive messages can reduce the memorability of information from television ads. In this article, the causes and potential effects of competitive clutter are described, and an enhanced analysis of competitive overlap in network television is provided. Data from an automated ad tracking system are used to analyze competitive clutter levels in recent network advertising. Strategic responses to the cluttered and competitive media environment are presented for new and mature brands. These responses involve changes to common ad targeting, creative, media, and research practices.

Consumers often encounter ads for directly competing brands within television programs. For example, viewers might encounter ads for three pain relievers or four similar import autos during an hour of network TV. Research findings suggest that this competitive clutter makes it difficult for viewers to remember which brands were advertised and what the ads communicated about each brand (c.f., Keller, 1987, 1991; Kent and Allen, 1993, 1994).

Advertisers are increasingly concerned that competitive clutter harms the effectiveness of television ads (Lipman, 1992; Mandese, 1991). However, few analyses of competitive overlap in television programming are available, and better knowledge of strategic responses to competitive clutter is needed. Kent (1993) assessed competitive clutter levels by network and day-part in a sample of 1991 network television advertising....

**Make a Name for Yourself**

To some it's an art. To others it's a science.

However you approach it, coming up with winning names is more than just a game.

In an old building in Sausalito, California, a crack team of linguistic, legal, and creative specialists pieces together word fragments, flips through pictures, and runs sophisticated database software. Across the country in a conference room in Stamford, Connecticut a similar group takes a "mental excursion" through a teenager's bedroom and pastes together a collage of colorful artifacts.

They're not competing against each other--at least not directly. But both professional teams, and more like them, are part of an intense new exercise: coming up with winning names for an escalating flood of products, services, and companies.

New product introductions are exploding at the rate of more than 26,000 per year. As a result, new names, good names, even legally available names are harder and harder to find. Says David Placek, founder of Sausalito's Lexicon Naming, which named Apple's PowerBook and Intel's Pentium: "It's an enormous task to leapfrog over existing names to get something that not only is legally available, but also gets the product concept in motion."

The name drain is so severe in the digital realm--trademark registrations for computer hardware and software surged 112% between 1989 and 1994--that the stock of information-era word roots like net, power, and link is virtually depleted.

For average table stakes of $20,000 to $50,000, a company stands to win a valuable asset that can become the cornerstone of brand success. Yet more important than the rewards of a good name are the risks of a bad one.

"Good names don't make products succeed so clearly as bad names make products fail," says Ira Bachrach, founder of the San Francisco-based NameLab. He cites 7-Up's $120-million misfire with the first caffeine-free cola: Lyke Cola.

Names don't fail for lack of raw material--there are some 600,000 morphemes (the smallest meaningful word unit) and a huge number of combinations. Experts disagree, however, on the best strategy for tapping into that pool of possibilities. Bryan Mattimore of the Stamford-based Mattimore Group and Lexicon's Placek describe naming as "very much an art." In contrast, NameLab's Bachrach says, "It's an analytical process. It's not creative--it's cold-construction linguistics."

Take the case of Honda's first luxury car. NameLab first developed a working definition that focused on "high engineering content." It then broke engineering down into its component elements--science, metallurgy, precision--and matched them with a series of morphemes.

"The best word we made was Acura," says Bachrach, who also came up with Compaq and AT&T TrueVoice. "It's based on the morpheme acu, which means 'precisely' or 'with care' in many languages. It worked because the first thing you thought of was precision--the definition of German luxury cars." Whether they approach the game as an art or a science, players agree on some basic rules:

1. The Djˆ-Vu Taboo. Don't use tired word roots--pro, global, ultra--or obvious combinations like ProChip. Lexicon got inventive with the Intel chip: "We made it up," says Placek, "but we took the word part -ium from scientific text and bonded it with pent. It sounds like a natural element and very powerful."

2. Put the Whole World in Your Name. The best world brands have universal meaning--Sony is built on the morpheme son which means "sound" all over the world. They should also be short. "The longer a word is, the less likely you are to remember it," says Bachrach.

3. Make a Promise, Tell a Story. A literal promise--of "power in a book" or a battery that "dies hard"--is a sure bet in the marketplace. A name that tells a tale can work just as well.

As Terry Heckler of Seattle's Heckler Associates recounts, the founders of Starbucks originally suggested the name Pequod Coffee Company, hoping to evoke the romance of the high seas with the image of the boat in Moby Dick. "I said, 'People are not going to drink a cup of Pequod,' and suggested they look at adventure sites in the Northwest for ideas," says Heckler.

In researching old mining camps on Mt. Rainier outside Seattle, he happened upon one named Starbos and thought, That's it! When he took the name back to the owners, he recalls, "They looked at one another and yelled 'Starbuck!'--the first mate on the Pequod, unbeknownst to me."

4. Meaning Isn't Everything. Semantics is the first leg a name has to stand on, but it's not the only one. The second is phonetics. Certain word stresses and rhythms are more compatible with a product than others, which is why you ask for Super Shell and not Shell Super at the gas station.

"Sound symbolics" is the third leg. Certain sounds and letters convey specific associations and attributes: the hard "P" in PowerBook communicates compactness and speed, while the "B" suggests dependability. Finally, there's look and feel. A good name is easily reproduced in all media and conveys enough energy to stand out in the stream of spoken and written words.

Nike stands on all four legs: "Few people will know it's the Greek goddess of victory," says Placek, "but what is more important is the beat of it, the sound of it, the look of it. Very quick, very easy to pronounce. They took that vessel and they poured all kinds of ideas into it. And now they have a brand."

5. Listen to Your Inner Ear. In spite of all the available criteria, experts say there's no reliable scorecard for assessing winning names. Final judgment resides inside, says Mattimore: "When you get right down to it, these are intuitions, feelings, and gut. Sometimes the best way to recognize a great name is by how nervous it makes you."

## ‘EXPERIENCED PLEASANTNESS’ IS THE KEY.

According Baba Shiv, a professor of marketing at Stanford Graduate School of Business and co-author of the study...

“A basic assumption in economics is that a person's "experienced pleasantness" (EP) from using a product depends only on its intrinsic properties and the state of the individual. Thus, the pleasure derived from consuming a soda should depend only on the molecular composition of the drink and the level of thirst of the individual.

In opposition to this view, a sizable number of marketing actions attempt to influence EP by changing properties of commodities, such as prices, that are unrelated to their intrinsic qualities or to the consumer’s state. This type of influence is valuable for companies, because EP serves as a learning signal that is used by the brain to guide future choices. For example, when facing the choice between previously experienced restaurants, one would tend to avoid locales where previously meals were unsavory.

Contrary to the basic assumptions of economics, several studies have provided behavioral evidence that marketing actions can successfully affect EP by manipulating extrinsic attributes of goods. For example, knowledge of a beer’s ingredients and brand can affect reported taste quality, and the reported enjoyment of a film is influenced by expectations about its quality.”

But those studies are relying on the consumer’s self-reported experience. What is really happening inside the brain?

## HIGHER PERCEIVED VALUE = BETTER BRAND EXPERIENCE

Shiv and his team used functional magnetic resonance imaging (fMRI) to determine if brand marketing activities, in addition to creating inferences of quality, can actually affect the ‘real’ quality of the brand experience. Although researchers have previously used fMRI scans to gauge brain activity, this new study is one of the first to test subjects as they consumed a product—in this case, wine—in order to determine if changes in extrinsic brand attributes—in this case, price—had any affect in the brand experience.

According to Shiv, “We always have known that price influences perceptions of quality. What we were curious about, now that we know this, is whether this perception benefit is just psychological, or whether price can influence the true pleasure.”

Participants in the study were asked to drink five different Cabernet Sauvignons that retailed for $5, $10, $35, $45 and $90 per bottle, respectively. In actuality, there were only three bottles of wine in the study. The $5 wine was also labeled $45, and the $10 wine was also labeled $90. The third wine was labeled its true $35 retail price. The wines were administered in random order, price being the only identifier.

The fMRI showed that the participants had a higher experienced pleasantness (EP) when they thought the wine cost more. “If you think about it, the brain should only be influenced by the core components of the wine — its chemical composition. It should not be influenced by something like price,” Shiv said. “But in the study we found a functional change in activity in different areas of the brain despite the same chemicals being experienced.”

Interestingly, when the same wines were administered without price identification, the participants favored the $5 bottle over the others.

## HIGHER PERCEIVED VALUE = GREATER FUNCTIONAL BENEFIT

If you think that the affect price differentiation has on a consumer is limited to brands competing in a single category, like wine, think again. Shiv has shown in previous studies that people who paid a higher price for the same product actually gained a greater functional benefit.

In test after test, consumers who paid full retail for a brand that was supposed to make them feel more alert and energetic, such as Red Bull, were able to solve more brain teasers than those who paid a discounted price for the same product. Why? According to Shiv, they were convinced that the Red Bull on sale was much less potent than the full price product, even though all the drinks were identical.

Consumers typically suffer from a version of the placebo effect. Because we expect that cheaper goods were “more cheaply made”, they generally don’t work as well, even if they are identical to more expensive products. This is why brand-name drugs work better than generics, and why brand name bottled water tastes better than tap. "We have these general beliefs about the world—for example, that cheaper products are of lower quality—and they translate into specific expectations about specific products," said Shiv. "Then, once these expectations are activated, they start to really impact our behavior."

## GREATER EXPERIENCED PLEASANTNESS = INCREASED BRAND ADVOCACY

Shiv’s research shows us that brand positioning can have a significant impact on both perceived and real brand experience. While his studies are limited to wine, energy drinks and cinema, his findings apply to virtually every product category. Although he used price to influence perceived brand quality (it is the most widely understood and easiest to communicate indication of value), Shiv will tell you that all extrinsic brand attributes can impact experienced pleasantness - either positively, or negatively.

Our research has shown that moving a brand’s positioning upmarket causes a greater number of consumers to report having a better overall brand experience. When consumers have better experiences, they are more likely to consider the brand an essential that they are willing to trade up to, rather than a mere luxury from which they can trade down. They are also far more likely to become brand advocates. Unlike the broader consumer base, who look for the deal (and, as Shiv’s research has shown, have a lesser brand experience), brand advocates pay full price. They are a strong indication of brand strength, and they help market your brand for you.

With an upmarket positioning, you can actually change a consumer’s mind. Sure, you can make them think more highly of a brand, but you can also change their actual, physical and emotional experience. You can bring more experienced pleasantness into their lives, and at the same time, bring more experienced pleasantness into yours.

If you would like to read the research report, titled "Marketing actions can modulate neural representations of experienced pleasantness" by Hilke Plassmann, John O'Doherty, Baba Shiv, and Antonio Rangel, you can [find it here](http://www.pnas.org/cgi/content/abstract/0706929105v1).

The Influence of Branding and Packaging

on Consumer vs. Commercial Markets

Branding and packaging certainly influence consumer product sales, although they have little influence on the sale of products to industrial customers. This is because product performance and service are the only critical variables in industrial purchases. The best brands convey a sense of quality, creating a long-term relationship with the customer. A brand may also serve to identify the seller or maker of a product. In addition to these qualities of a brand, brand names may also convey other levels of meaning, including attributes, benefits, values, and personality.

Private Consumers

There are two basic types of consumers: private consumers, and commercial consumers. The private consumer market is the world's largest, totaling 250 million in the United States alone. Not only does the private consumer buy for himself, but he also buys products as gifts for others.

The buying behavior of the private consumer can be characterized by using a five-part model (Stanton 176). This model starts with the buying-decision process. The buying-decision process is driven by information about products and service, and has a great influence on final purchase.

The second part is the information-gathering process. In this step, the buyer researches information about products by reading, talking with friends, or talking with store employees.

The third step, social and group forces, plays an important role in the private consumer buying process. It is in this step that the values and expectations of family, friends, and co-workers have an effect on the consumer1s buying decision.

The fourth step is the influence of psychological forces. This refers to the way in which the consumer interprets the world around him.

The fifth step in the model is the consumer's situational factors. This includes his personal condition, as well as when, where, how, and why he buys.

The private consumer generally has an emotional response to products, and this is where branding has its greatest effect (Loden 7). In many cases, a brand creates a feeling about a product, or helps a consumer to create an attitude about a particular product or service. The product or service may remain the same, but the branding of the product can make the customer hold a different opinion of the product.

Branding has an influence on four of the five stages of the buyer behavior model -- every step except for his personal psychological forces. This is why branding is so powerful in the consumer market.

Commercial Consumers

The second type of consumer is the commercial consumer. In quantitative terms, the commercial consumer makes up a smaller part of the market, although the commercial consumer spends more money per transaction when compared to the private consumer (Howard 380).

The buying decision process of the commercial consumer involves up to five stages, depending on the particular buying situation (Stanton 200). The first stage is need recognition. It is in this stage that the company realizes a need for the purchase of a particular product. The need may be realized as a result of internal or external stimuli. For example, the company may need new equipment so that it may manufacture different products, or a machine currently in use may require repair or replacement. A manager may be unhappy with a current supplier1s service or quality, or a new idea for a product or service may be introduced to management. (Kotler 200).

The second stage is the identification of the alternatives. These alternatives include the company’s manufacturing of the needed product on its own, the selection of other, similar, products, or the decision to not buy any new product. In general, companies are buying product more often than they are producing products.

The third stage, the evaluation of the alternatives, attempts to weigh the pros and cons of each alternative so that a logical decision can be made.

The fourth stage is the decision to purchase. In the business environment, these decisions are usually well informed, and are made jointly among several people. The time taken to make a decision is often quite long.

The final stage is post-purchase behavior. In this stage, the company evaluates the choice it has made, deciding if the purchase was adequate to solve the problem.

Branding and packaging have little involvement in the stages of the commercial consumer1s buying-decision process. The commercial consumer1s buying decision process is based solely on facts -- cost of product, reliability, ability of the supplier to deliver goods on time, and so forth. Branding and packaging have no effect on these variables.

Differences Between the Private and Commercial Consumers

These five stages of the buying-decision process of the commercial consumer compares to that of ultimate, or private, consumers. The major differences between the private and commercial consumers are fairly simple to pinpoint.

First, the private consumer usually makes decisions for himself, whereas the commercial buyer1s decision is usually made buy a group of individuals who take the roles of users, influencers, deciders, gatekeepers, and buyers (Stanton 200).

In the case of the private consumer, these decisions may be based on emotions. In the commercial environment, the emotions of any single person are invalidated simply as a result of the large number of people involved in the decision process. Even though there may be strongly opinionated members, these opinions may be outweighed by other opinions within the group.

The commercial consumer makes a buying decision using a set method, while the private consumer frequently makes impulse buys. This is unheard of in the commercial market. All commercial purchases are planned, and the alternatives weighed, before a decision to buy is made. Generally, the negotiation period is a long one (Stanton 200).

The mass media play an important role in the buying decision of the private consumer. The constant repetition of commercial advertisements serve to drive a product1s brand attributes into a customer1s mind. Greater presence in the media equals greater presence in the minds of customers, and that usually translates to greater sales. The mass media have little influence on the purchasing habits of the commercial consumer, again, this is because emotions and the forces of social groups are generally not involved. Studies have shown that advertising on mass media has little or no effect on commercial buyers (Howard 392).

Branding and packaging have an effect on consumer sales, but not on industrial sales. This is due to two main reasons. First, there is a difference in buying patterns of commercial versus private consumers. Second, private and commercial consumers have different needs.

Private consumers often shop to fulfill wants, while commercial consumers make purchases to fulfill needs. In the case of private consumers, purchases are often reactive, responding to advertisements that create a perceived need (which is actually a want, not a need). Commercial purchasing is often proactive, initiated by a problem, but then actively researched to make a purchase that will result in the solution of that problem.

Those who are in marketing must take these facts into consideration, and be able to identify the type of customer so that an effective marketing plan may be designed. While emotional advertising may attract private consumers, presenting the cold, hard facts in a clear manner will be the key to selling to commercial consumers.

Even in pre-Internet times, as long ago as 20 B.I.(Before Internet) brand power was a recognized commodity.

To quote the Brand Institute – “When managing your business, the emphasis is on ‘owning your market’. Winning the battle of the brands and owning your market require the proper development, testing, and protection of brand names, logos, and slogans that will give you the competitive edge. Worldwide, brand identity is referred to as a ‘company’s most valuable asset.’”

The evolution of the Internet has elevated the concept and assset value of “worldwide brand identity” to the ultimate level.

“In an information maelstrom such as the Web, brand is the only competitive advantage that a company can use to build a successful business. Brand names, logos and images associated with brands (such as Nissan's weird Asian dude) stand out; they are like lighthouses in the fog. They scream ‘come back this way’ to the consumer, and consumers do come.”

Mitch Ratcliffe, ZDnet, July 30, 1997.