

# **Editor's Introduction: Brand Management**

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## **Introduction**

The study of brands and brand management has historically attracted a great deal of interest among practitioners and academics. Early, seminal research on brands includes the studies by Gardner and Levy (1955), Levy (1959), Martineau (1959) and Allison and Uhl (1964).

Since then, the number of brand related journal articles and of brand management books have increased exponentially, particularly in the last 20 years.

Two academic Journals (the Journal of Brand Management and the Journal of Product and Brand Management) are entirely devoted to the study of brands. In addition, a number of special issues have focused on specific topics in branding, for instance the Journal of Business and Industrial Marketing (2007) Special Issue on Branding in Industrial Markets, the European Journal of Marketing (2003) Special Issue on Corporate and Service Brands and the Journal of Marketing (1994) Special Issue on Brand Management. Moreover, most marketing and consumer behaviour conferences include a 'branding' or 'brand management' track. There are also frequent specialist conferences (e.g. the annual 'Thought Leaders International Conference on Brand Management') and a number of Special Interest Groups (e.g. the Academy of Marketing's Brand Identity and Corporate Reputation Special Interest Group).

The sheer amount of brand related literature published in the last fifty years in a variety of journals, books and conference proceedings, on a large array of issues and topics, can be overwhelming for brand researchers. The articles chosen for this four-volume collection aim to provide a comprehensive overview of the status of brand related research, featuring the scholarly debates on a number of still unresolved issues and the contemporary challenges faced by brands and by their managers.

Before describing the content of the four volumes and explaining the rationale for selecting each of the articles in the collection, this Introduction will present a general overview of the main unresolved issues in brand management research and the ensuing challenges for academic researchers and practitioners. The starting point is necessarily the debate related to the fundamental question of 'what is a brand' and the definition of 'the brand' construct. The examination of *what* a brand is or, more importantly, *how* it is understood, is related to different perspectives on the construct of 'brand equity' and to the diverging standpoints on brand management. The contemporary challenges faced by brands and brand managers are also discussed.

## **Unresolved Issues in Brand Management**

### A theory of 'the brand'?

Although, as Keller (2006:260) notes, "*much progress has been made*", de Chernatony and Dall'Olmo Riley's (1998a:417) observation that "*a theory of the brand remains missing*" still holds true today, particularly with regards to:

- Defining 'the brand' construct;
- Conceptualising and measuring 'brand equity';

- Establishing the relative importance of ‘tangible’ versus ‘intangible’ or ‘emotional’ brand elements, particularly with regards to the ‘behavioural’ versus ‘attitudinal’ brand loyalty debate;
- Whether a ‘romantic’ or a ‘realist’ standpoint on brands and their management should prevail.

There is wide disagreement amongst researchers in all of the above areas.

*Defining ‘the brand’ construct.*

There is no universally accepted definition of the brand construct.

The American Marketing Association’s (AMA) 1960 definition of the brand as a ‘*name, term, sign, symbol, or design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors*’ is widely cited, particularly in the academic literature and textbooks originating from North America (e.g. Aaker, 1991; Keller, 1993 and 2008; Kotler and Armstrong, 2007). Interestingly, with few exceptions (e.g. Ewing et al., 2009), the 1960 version of the AMA’s definition is the one still cited today, instead of the more recent, shorter but conceptually equivalent version that is currently found in the online Dictionary of Marketing Terms available on the AMA website: ‘*a name, term, design, symbol or any other feature that identifies one seller’s good or service as distinct from those of other sellers*’ (<http://www.marketingpower.com>).

In spite of its popularity, the AMA’s definition is often criticised as too preoccupied with the product (e.g. Crainer, 1995), too mechanical (Arnold, 1992), ‘deconstructionist’ (Kapferer, 1992), reductionist and restrictive (de Chernatony and Dall’Olmo Riley, 1998a) and out of touch with reality, being focused on the notion of a ‘small b’ brand versus the practicing managers’ preference for a ‘big B’ Brand perspective (see Keller, 2006).

A ‘small b’ brand notion focuses mainly on the firm’s input activity (de Chernatony, 1993) of differentiating its offering by means of a name and a visual identity, enabling consumers to recognise different brands at the point of purchase. This is akin to the interpretation of the brand as a ‘logo’. According to this perspective, there is little difference between a ‘brand’ and a ‘trademark’, as defined by the US Federal Trademark Act (Lanham Act): ‘*any word, name, symbol, or device, or any combination thereof adopted and used by manufacturers or merchants to identify their goods*’ (see Cohen, 1986: 62). As a matter of fact, the AMA Dictionary of Marketing Terms also notes: ‘*The legal term for brand is trademark*’. Thus, while the interpretation of the brand as a ‘logo’ enables recognition, the brand as a ‘legal instrument’ enables prosecution of infringers. In either case, however, the brand concept is devoid of deeper meaning, hence its ‘small b’.

In contrast, a ‘big B’ Brand notion sees brands as more than mere identifiers and legal instruments, but as complex entities and value systems. As stated as early as 1955 by Gardner and Levy: ‘*A brand name is more than the label employed to differentiate among the manufacturers of a product. It is a complex symbol that represents a variety of ideas and attributes*’ (p. 35). More recently, Kapferer (2008: 171) added to this, asserting: ‘*A brand is not the name of a product. It is the vision that drives the creation of products and services under that name. That vision, the key belief of the brands and its core values is called identity.*’ However, a more holistic stance of the ‘big B’ Brand blends the input of the firm (brand elements and brand identity), with

the ‘output’ perspective (de Chernatony, 1993) of the brand as an image, or set of mental associations in consumers’ minds, which add to the perceived value of a product or service (Keller, 2008). Taking this a step forward, the brand can be conceptualised as a “‘value system” which transforms the usage experience through the subjective meanings the brand represents for consumers.’ (de Chernatony and Dall’Olmo Riley, 1998a: 427).

de Chernatony and McDonald (2003: 25) definition of a *successful* brand as ‘an identifiable product, service, person or place, augmented in such a way that a buyer or user perceives relevant and unique added values which match their needs more closely. Furthermore its success results from being able to sustain these added values in the face of competition’ reflects the holistic ‘big B’ notion of the Brand. While retaining the ‘input’ (what the company does) perspective of the brand as an ‘identifier’, de Chernatony and McDonald introduce the notion of the brand as adding value to a product and, importantly, that a brand’s success is dependent upon consumers’ perceptions of whether the brand matches their needs better than other brands in the product category. It then follows that being able to sustain consumer perceptions of a brand’s differential value is the key to successful brand management. For the firm, therefore, a well managed brand becomes an important instrument of differentiation and of competitive advantage (Hamel and Prahalad 1996; Porter, 1976). Furthermore, the differentiation achieved through branding constitutes a barrier to entry, by making it difficult for competitors to emulate the company’s offerings (Jones, 1986; de Chernatony and McDonald, 2003).

The concept of the brand as perceptions in consumers’ minds and of the added value a brand brings either to the consumer or to the organisation is at the basis of the so-called ‘equity’ of the brand. This is the second contentious area in the branding literature.

#### *Conceptualising and measuring ‘brand equity’*

Disagreement between researchers persists on the dimensions of ‘brand equity’ and, particularly, on the issue of its measurement. Some even question the usefulness and relevance of the ‘brand equity’ concept.

Firstly, as Kapferer (2008) remarks, two ‘brand equity’ paradigms do exist: the first is customer-oriented, is based on the relationships consumers have with the brands they buy, from indifference to attachment, and focuses on the consequent relative “strength” of the brand. In contrast, the second ‘brand equity’ paradigm is concerned with the brand’s financial value, as a separable asset (e.g. Chu and Keh, 2006; Simon and Sullivan, 1993). To these two approaches, Feldwick (1996a) adds a third interpretation of ‘brand equity’ as ‘description of the associations and beliefs the consumer has about the brand’ (p. 87).

Within the customer-oriented paradigm of ‘brand equity’ is Keller’s (1993) definition in terms of ‘the marketing effects uniquely attributable to the brand’ (p. 1); more precisely Keller defines *customer-based brand equity* as ‘the differential effect of brand knowledge on consumer response to the marketing of the brand’ (p. 2). As noted by Barwise (1993) and by Ailawadi et al. (2003), this notion of differential effect or “added value” is found in many customer-oriented definitions of brand equity. For example Farquhar (1989: 24) defines brand equity as the “‘added value” with which a given brand endows a product’. Similarly, from an information economics perspective, Erdem and Swait (1998) note that brands act as a signal of a

product's position in the marketplace and, as such, they increase consumer-expected utility by decreasing both information cost and perceived purchase risk: *'consequently, consumer-based brand equity can be defined as the value of a brand as a signal to consumers'* (Erdem and Swait, 1998: 140). An outcome of this differential effect or consumer-expected utility and, possibly, a measure of a brand's equity, is consumers' willingness to pay a premium price for the brand. Hence, Axelrod (1992) defines brand equity as: *'the incremental amount your customer will pay to obtain your brand rather than a physically comparable product without your brand name'*.

Overall, these customer-based, added value perspectives of brand equity fit within the 'big B' notion of the Brand put forward by the definition of de Chernatony and McDonald (2003) and with the concept of a brand's differentiation and strength as a measure of its success.

The brand equity perspective of the firm is also concerned with the notion of the differential effects that accrue to a product due to its brand name. For example, Farquhar (1989: 25) notes that *'brand equity also imparts competitive advantages to the firm'*, in terms of providing opportunities for licensing and brand extensions. Brand equity also makes the brand more resilient to crisis situations and competitive attack, as well as more readily accepted and more prominently displayed by the trade. The financial paradigm of brand equity also takes the perspective of the firm and is generally expressed in terms of the incremental cash flow or profit that can be attributed to a brand (Barwise et al., 1990; Simon and Sullivan, 1993). However, value can be subtracted as well as added, as remarked by Aaker's (1996: 7) definition: *'Brand equity is a set of assets (and liabilities) linked to a brand's name and symbol that adds (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers'*.

Despite overall agreement among researchers on the general notion of brand equity in terms of the differential effects attributable to the brand, disagreement persists on whether equity should be measured from the consumer or from the firm perspective, even though the two are clearly interrelated (Ailawadi et al., 2003; Keller and Lehman, 2003). Furthermore, within both paradigms – customer based and financial - there are substantial measurement issues, with no agreed measures (or methodologies) for either 'customer-based' or 'financial' brand equity.

Several researchers have promoted the use of survey-based methods, including a variety of customer mind-set measures such as awareness, attitudes, associations, attachments and loyalty (e.g. Aaker, 1991 and 1996; Dillon et al., 2001; Park and Srinivasan, 1994 and Lehman et al., 2008). This approach has also been adopted by a number of commercial consultancies, such as Millward Brown's Brand Z and Young & Rubicam's Brand Asset Valuator. Ailawadi et al. (2003) note that while these measures offer rich information on the sources of brand equity, being based on consumer surveys they *'are not easy to compute and do not provide a single, simple, objective measure of brand performance'* (Ailawadi et al., 2003: 2). An additional difficulty, highlighted by Barwise (1993), is that short-term measures of brand strength such as brand loyalty, perceived quality, brand awareness and associations may not be guarantee of the brand's long term performance.

Other researchers advocate product-market measures of brand equity, reflecting the outcomes of customer-based brand equity in terms of the brand's performance in the marketplace. Early examples of this approach are the studies by Kamakura and

Russell (1993) and Swait et al. (1993) published in the International Journal of Research in Marketing Special Issue on Brand Equity. Kamakura and Russell (1993) used scanner data to estimate a Brand Value measure containing both tangible (from product features) and intangible (from brand name associations and other perceptual distortions) components. Instead, choice experiments were used by Swait et al. (1993) to estimate the 'Equalization Price': the hypothetical price at which each brand would have the same market share for an individual consumer's purchases. A brand with high consumer-based brand equity would have a high average Equalization Price, across consumers within a segment or the whole market. Several other subsequent studies mention price premium, or the ability of a brand to charge a price higher than an unbranded equivalent, as a measure of brand equity (e.g. Agarwal and Rao, 1996; Sethuraman, 2000; Sethuraman and Cole, 1997). Ailawadi et al. (2003) note that measuring brand equity in terms of product-market outcomes is an improvement on single customer mind-set measures, also from the point of view of quantifying the incremental benefit due to the brand name. However, measures of price premium are often highly reliant on customer judgement and are therefore subjective and dependent on the context (e.g. Swait et al.'s choice experiments), while measures such as the ones employed by Kamakura and Russell or other conjoint based measures suffer from the disadvantage of being over-complex. Furthermore, Ailawadi et al. (2003) also remark that price premium may not always be a measure of a brand's equity, since many brands have successfully adopted a 'low price' positioning (e.g. low cost airlines and supermarket discounters). Ailawadi et al. propose revenue premium (the difference in revenue between a branded good and a corresponding private label), as a more complete, stable over time, conceptually and theoretically grounded product-market measure of brand equity.

Finally, various measures of financial brand equity have been proposed by academic researchers and by commercial consultancies. These measures vary from the residual approach proposed by Simon and Sullivan (1993 – see Volume 2, Part A), to the estimate of the brand equity component in the price paid for mergers and acquisitions (e.g. Mahajan et al., 1994; Rao et al., 1991), to the '*present value of future cash flows that accrue to a branded offering*' (Bahadir et al., 2008: 49). The consultancy Interbrand also takes a discounted cash flow approach, in combination with product-market measures ([www.interbrand.com/home.asp](http://www.interbrand.com/home.asp)). On the other hand, the consultancy Millward Brown combines financial measures with customer mind-set measures ([www.millwardbrown.com/sites/optimor/](http://www.millwardbrown.com/sites/optimor/)). The discrepancies between Interbrand and Millward Brown in the financial value attributed to the same brands are a striking sign of the difficulties in achieving an objective estimate of a brand's equity (e.g. see Ritson, 2006). As Barwise (1993) and Barwise et al. (1990) discuss, brand valuation is inherently subjective for three reasons. Firstly, 'value' is per se a subjective construct, as also illustrated by Bahadir et al. (2008) in the context of the financial value of brands in mergers and acquisitions. Secondly, it is difficult, if not impossible, to separate a brand's intangible value from the rest of the firm's assets. Thirdly, brand valuation usually relies on some kind of forecasting, which again requires subjective, context specific assumptions.

Partially because of the difficulties and disagreements highlighted in the previous pages, some scholars challenge altogether the existence of 'brand equity', on the basis that beyond the relative market share size of brands there is no empirical evidence supporting the notion of 'strong' versus 'weak' brands (e.g. Ehrenberg, 1993). Indeed, most behavioural and attitudinal brand measures are in practice highly

correlated with the brand's market share (e.g. Ehrenberg et al., 1990; Ehrenberg et al., 2004 – see Volume 2, Part A). Finally, while rejecting Ehrenberg's strict point of view that brand strength and brand size are the same, Feldwick (1996b) suggests that it may be better to evaluate brands in terms of a variety of short- and long-term performance measures, rather than focusing on the single, but rather elusive, concept of Brand Equity.

*Tangible versus intangible brand elements and the brand loyalty debate. The 'romantics' versus the 'realists'?*

Somewhat related to the debates on brand definition and on brand equity, is the disagreement concerning brand differentiation, brand personality, salience and behavioural versus attitudinal loyalty. Disagreement in these areas could be said to be polarised between the 'big "B"' view of Brands epitomised by the proponents of brand differentiation, deep attachment and relationships between consumers and their brands (e.g. de Chernatony and McDonald, 2003; Fournier, 1998; Keller, 2001), versus the view of brands emerging from the work of Andrew Ehrenberg and his followers (e.g. Ehrenberg, 2001; Ehrenberg et al., 2004; Romaniuk et al., 2007).

The concepts of customer-based brand equity (Keller, 1993) and of brand strength (Keller, 2001) discussed in the previous section are highly reliant upon the notion of consumers choosing brands on the basis of perceived differentiation and of strong attitudinal attachment towards the brands they are loyal to. According to this perspective, consumers purchase brands on the basis of perceived "*relevant and unique added values which match their needs more closely*" (de Chernatony and McDonald, 2003: 25) and towards which they feel some kind of attachment or relationship (e.g. Fournier, 1998). Consumer involvement with brands therefore is regarded as high, with consumers selecting brands with 'personalities' matching their own (e.g. Aaker et al., 2001). Different brands are deemed to appeal to different segments of consumers (e.g. Grover and Srinivasan, 1987, 1989; Kannan and Wright, 1991), with positioning and differentiation at the core of the brand strategy (e.g. Keller et al., 2002; MacMillan and McGrath, 1997). It follows that 'true' brand loyalty is much more than repeat purchase behaviour and is the expression of the strength of the relationship (mediated by social norms and situational factors) between an individual's relative attitude towards a brand and repeat patronage (Dick and Basu, 1994). Cognitive, affective and conative antecedents of relative attitude are identified by Dick and Basu (1994) as contributing to loyalty, along with motivational, perceptual and behavioural consequences. According to this perspective, a persuasive message which modifies cognitive, affective and conative processes should therefore be used by management to improve relative attitudes, thus stimulating brand loyalty and market shares growth.

In contrast, empirical evidence accumulated over several decades by Andrew Ehrenberg and his followers portrays a very different picture. Firstly, their findings indicate the lack of brand differentiation, as the basis for consumer choice. For example, Sharp and Dawes (2001) note how competitive brands within a market are similarly differentiated: any difference in brand image ratings between brands is correlated with the size of the brand itself (or the number of its users), almost irrespective of the attribute (see also Barwise and Ehrenberg, 1985; Bird et al., 1970; Romaniuk and Sharp, 2000). In support of the lack of brand differentiation is the finding that the user profiles of competing brands are very similar in terms of demographics or other consumer segmentation criteria (see Hammond et al., 1996;

Kennedy and Ehrenberg, 2001; Kennedy et al., 2000). Occasionally, segmentation or market partitioning does, however, occur at the category or sub-category level: e.g. between pre-sweetened cereal brands (eaten more by children) and ‘all-bran’ cereal brands (eaten more by adults), but by and large brands are found to ‘share’ customers with other brands in line with their relative share (the so-called ‘Duplication of Purchase Law’, Ehrenberg et al., 2004). Consistent with the lack of brand differentiation and consumer segmentation is the evidence that few consumers buy exclusively one brand within a product category, i.e. are sole or 100% loyal brand buyers in a typical purchase cycle period of a quarter or a year. Typically, only about 30% of the buyers of a brand in a quarter are sole buyers of it and about 10% in the year (e.g. Ehrenberg 1972, 1988), while most consumers tend to buy more than one brand over a period of time (e.g. Ehrenberg 1972, 1988; Uncles *et al.* 1994). The average number of brands bought increases with the frequency of purchasing of the product category; sole brand buyers tend to be infrequent buyers of the product. For instance, Ehrenberg (1972, 1988) reported 3.6 brands bought, on average, by heavy buyers over a year, compared with 1.9 for light buyers (an overall average of 2.5 brands per buyer of the product field). In line with split brand loyalty is the apparent absence of attitudinal attachment towards brands over time: consumer evaluations of brands are highly variable over time (Dall’Olmo Riley et al., 1997 – see Volume 2, Part A).

On the basis of the evidence just described, Ehrenberg (2001) deems the view of ‘brand equity’ put forward by Aaker (1996), Keller (1993) and their followers as ‘romantic’, or remote from experience, favouring instead what he regards as a more ‘realist’ and achievable standpoint on brand marketing. For instance, brand advertising is deemed to have a ‘publicizing’, rather than a ‘persuasive’, role focusing on salience (keeping consumers’ habitual propensities to buy the brand as high as before or higher), rather than on brand differentiation, which empirical evidence shows to be elusive (Ehrenberg et al., 1997; Ehrenberg and Scriven, 1997).

The articles in this four-volume collection have been selected with the aim of presenting a balanced view of these different perspectives.

### **Contemporary challenges faced by brands and by their managers**

Besides the unresolved issues in branding research illustrated in the previous section, the evolution of brands (Goodyear, 1996) has met many other challenges, particularly over the last 20 year.

In the 1990s, many commentators foresaw the ‘death’ of brands at the hand of private labels (The Economist, 1994), the growing power of retailers (The Economist, 1996) and the short-termism of brand managers (de Chernatony, 1996; de Chernatony and Dall’Olmo Riley, 1998b). The literature of the 1990s started to address these challenges, with an increasing focus on ‘fighting to win private labels’ (e.g. Quelch and Harding, 1996) and on how firms should leverage the strength of the brand, especially by means of brand extensions. The latter has been a particularly prolific area of research (e.g. Aaker and Keller, 1990; Park et al., 1991; Broniarczyk and Alba, 1994; Keller and Aaker, 1992; Dawar, 1996 and many others), but many unanswered questions do remain, particularly with regards to moderating factors such as the characteristics of consumers, of the parent brand and of the extension category (see Czellar, 2003). At the same time, new brand management approaches have been put forward, reflecting a more strategic approach particularly to the challenge posed by the growing power of retailers (e.g. Low and Fullerton, 1994; George et al., 1994).

Since the late 1990s, an additional challenge to brands has arisen from the anti-globalisation movement and the condemnation of the ‘tyranny of the brands’ (e.g. Klein, 2000). Ever since, consideration of Corporate Social Responsibility issues (e.g. ethical, environmental, health related) has become increasingly important for brand management practice and research (e.g. Szmigin et al., 2007; McEarchen et al., 2007; Polonsky and Jevons, 2006), along with the need to enhance corporate branding and corporate reputation (e.g. Fan, 2005). Brand alliances, particularly in the form of co-branding and advertising alliances between commercial and non-profit organisations have also been a popular strategy (e.g. Dickinson and Barker, 2007).

A further challenge, for brand managers and researchers alike, has been the necessity to understand the peculiarities (and the commonalities) of managing different types of brands: not only ‘ethical’ and corporate brands, but also services, business to business, luxury, retailer and ‘destination’ brands. Particularly with regards to business to business branding, the literature has been described as ‘*embryonic*’ (Roberts and Merrilees, 2007:410). Similarly, Berry (2000:128) notes that although ‘*brand development is crucial in services,*’ branding is usually associated with goods.

The articles selected for Volumes 3 and 4 address these challenges.

### **Organization of ‘Brand Management’ Major Work**

The first aim of this Major Work volume set is to make accessible and to contrast the many alternative and opposing views on: defining the ‘brand’; measuring ‘brand equity’; managing a brand’s tangible and intangible elements and brand loyalty. As outlined in more detail below, the first two volumes of this four-volume set address the debate on brand definition, the importance of brands for organisations and for consumers and the management of brand elements (Volume 1), as well as the contentious issues of conceptualising and measuring brand equity and managing brand intangibles (Volume 2).

The shift in emphasis in the literature from managing individual brands and their extensions, to managing brand alliances, corporate brands and different types of brands in different markets is the focus of Volumes 3 and 4, which include the following main sections (see details below):

- Understanding brand strategies, particularly brand architecture, brand alliances and brand extensions;
- Recognizing the contribution of different brand management systems;
- Managing different types of brands in different markets.

Overall, this Brand Management four-volume set provides a comprehensive overview of the branding literature, documenting the persisting theoretical discussion, current challenges and the consequent literature development. In summary, this collection consists of 75 papers in four volumes, as follows:

Volume 1 – Fundamental Elements of Branding (Part A) and Managing Brand Elements (Part B)

Volume 2 – Conceptualising and Measuring Brand Equity (Part A) and Managing Brand Intangibles (Part B)

Volume 3 – Brand Strategies (Part A and Part B)

## Volume 4 – Brand Management Systems (Part A) and Managing Brand Typologies (Part B)

Each volume is further divided into relevant sections and sub-sections.

### *Criteria for selection of publications*

One of the challenges in compiling this collection was selecting which publications to include, amongst the very large number of possible candidates for each of the topics.

The overarching rule, within the spirit of this Major Work, was that different points of view should be represented, reflecting the ongoing debates on brands and their management. An important feature of this collection of articles is also the inclusion of a variety of perspectives originating from European and Australasian, as well as American, researchers.

Contribution to the field, not only in terms of reflecting differing view points, but also the impact of the publication, was an important criterion. High citation and impact factors were used as guidelines. Furthermore, an effort was made to include papers testing theories in different cultural settings, generalising results in different countries and reflecting the most recent developments and applications of ‘old’ theories. This meant that subjective decisions were sometimes taken to exclude the most obvious choice (e.g. the one with the most citations), in favour of more recent publications.

Scientific merit in terms of logic of argument and/or rigor of methodology was of course a *sine qua non* for inclusion in this Major Work.

The papers selected for each Volume are now discussed in brief.

## **Volume 1**

### **Part A: Fundamental Elements of Branding**

The first nine papers of this Major Work address the Conceptual Foundations of branding and set the scene for the rest of the collection. The first two articles tackle head on the primary debate of the branding literature: what is a brand and how should we define it? These are followed by five papers representing the economic, strategic and marketing motivations for branding. Part A of Volume 1 concludes with two articles on the roles brands fulfil for consumers.

### ***Conceptual Foundations***

#### *What is a brand?*

The opening paper of the collection, by the late Barbara Stern, adopts a historical-analysis method to investigate the meaning of the term ‘brand’ both as a single construct and in compounds, such as brand reputation or brand personality. While the term ‘brand’ has been in use since the fifth century A.D., Stern notes that it has been ‘*used idiosyncratically to express the various meanings (...) assigned to them by researchers (...). In this regard, researchers may be studying different things with the same name, the same thing with different names, or a combination of the two*’. To resolve this conundrum of meaning and terminology, Stern proposes a classification scheme consisting of four sets of dichotomies regarding: the *nature* of ‘brand’ as literal or metaphoric, its *function* as entity and process, its *locus* as physical and mental and its *valence* as positive and negative. Grounded in philology and on construct definition information derived from the Oxford English Dictionary, Stern’s brand meaning classification scheme can be used to understand and compare different

conceptual approaches to brand research, and allows a parsimonious and ‘*systematic categorization of theoretical perspectives*’ (Hirsch and Levin, 1999: 202) along either a connotative (metaphoric) or denotative (literal) dimension. For example, following Stern’s classification criteria, Berger et al.’s (2006) definition of ‘brand’ as a ‘*set of long-term, enduring, and distinctive characteristics associated in memory of corporate employees*’ is ‘metaphoric’ in nature and represents the brand as an ‘entity’ (what it is) rather than a ‘process’ (what it does). The locus of the brand is in the mind (associations in memory) and the valence is positive. In contrast, Varadarajan et al.’s (2006) definition of brands as ‘*assets of a firm; assets reside in the brand names owned by a firm*’ treats the brand as a literal entity, whose meaning is in the world (rather than in consumers’ mind) and with negative connotations.

In the second paper of the collection, de Chernatony and Dall’Olmo Riley also start from the premise that a multiplicity of definitions makes it ‘*difficult and hazardous to compare, synthesise and accumulate findings*’ (Kollat et al., 1970: 329). Their approach towards a theory of the brand is to review and synthesise the definitions in the literature then, by means of Singh’s (1991) redundancy analysis method, to discuss the commonalities and differences between the antecedents and consequences of these definitions, leading to the identification of the fundamental premises of the brand construct. From this analysis, de Chernatony and Dall’Olmo Riley identify the firm and the consumer as the brand’s two key stakeholders and put forward the notion of the brand as the interface between the firm’s activities and consumers’ interpretations. Inherent constructs of the brand, from the firm’s perspective, are the performance attributes and values developed by the firm, while brand image and value are central to the brand concept from the consumer perspective. Experts’ opinions give support to the researchers’ definition of the domain of the brand’s construct in terms of both the firm’s input and consumers’ perspectives.

#### *Firms’ motivations for branding*

Firms’ motivations to invest in branding are discussed in the subsequent five articles. Reputational economies of scope deriving from branding are discussed by Wernerfelt. Specifically, he notes that a multi-product firm can use its reputation as a bond for quality when extending an established brand name. In essence, umbrella branding could be used to send a noise-free, credible signal about the quality of a new product.

Strategy motivations for branding are discussed next, in the article by Park, Jaworski and MacInnis. The authors propose that selecting the brand central concept, on either a functional, or symbolic or experiential positioning, is key to gaining competitive advantage. Their Brand Concept Management (BCM) framework offers a structured pathway for the management and control of the brand’s image throughout its life, from Introduction, to Elaboration and Fortification. Within each stage, specific positioning strategies are recommended, depending on whether the brand concept is functional, symbolic or experiential. However, in the following article, Henderson, Iacobucci and Calder argue that understanding consumer perceptions and associations is more important than ‘*a priori managerial statements of intended brand strategies*’ (p. 307). Specifically, they advocate that ‘*associative networks*’ theory is particularly well suited to the understanding not only of which brand associations are stored in consumer minds, but also of how they are interrelated and activated. Various techniques, including Kelly’s Repertory Grid, can be used to elicit the network of consumer associations with the focal and with competitors’ brands. Intra- and inter-

network types of analysis are then possible, leading to a holistic diagnostic profile of possible brand effects and of potential brand strategies.

The following two articles focus on the marketing and financial advantages organisations can derive from building strong brands.

From a review of the literature, Hoeffler and Keller discuss how brand strength (operationalised either as brand familiarity, or as brand knowledge or as brand performance) can have differential effects on consumer behaviour. Strong brands are thought to enjoy several advantages over lesser known brands in terms of memory encoding and storage and, consequently, of their likelihood of being included in consumers' consideration sets. The literature examined by Hoeffler and Keller also suggests a number of effects related to consumer responses to marketing activities. For instance, strong brands appear to be able to extend more successfully and into more diverse product categories than lesser known competitors, are more resistant to dilution, can weather product-harm crises better and command higher prices.

In the second paper, Kerin and Sethuraman start from the assumption that, as with all intangible assets, a firm's portfolio of successful, established brand names and their accumulated brand value should manifest itself in shareholder value, assuming the stock market assimilates brand (value) information. Based on this assumption, the authors investigate the relationship between brand value and shareholder value. The brand values published by Financial World magazine are used in the study. Their method of assessing brand value follows two steps: first it isolates and identifies the incremental future earnings and cash flows attributed to a brand, relative to its unbranded counterpart; then capitalizes these incremental future earnings and cash flows at a risk-adjusted cost of capital to arrive at a net present (brand) value. Shareholder value for each firm considered in the study is calculated as the market-to-book (M/B) ratio. Market value (M) is defined as the firm's monthly close stock price multiplied by the firm's quarterly common shares outstanding. Market value is divided by a firm's book equity (B), which represents the common shareholder's interest in the firm, including common stock, capital surplus, and retained earnings. Results of the study confirm that firms with higher accumulated brand values have higher M/B ratios, however the relationship is concave. Thus, a given increase in a firm's brand value relates to a larger increase in a firm's M/B ratio when a firm's accumulated brand value is small; however, the increase in a firm's M/B ratio may be relatively modest if a firm already has a high accumulated brand value. This suggests a threshold effect.

Hoeffler and Keller's and Kerin and Sethuraman's papers set the scene for the series of articles on conceptualising and measuring brand equity, which are featured in the second volume of the collection.

#### *Consumer-centred roles of brands*

The first part of Volume 1 concludes with two articles on the role of brands for consumers. Both papers examine the processes by which consumers form associations with brands and use these associations to guide their purchase decisions.

In the first article, Janiszewski and van Osselaer note that brands can function not only as associative cues for information retrieval, but also as predictive cues about product performance. From a consumer psychology perspective, the authors focus on understanding the mechanism by which such predictive associations are formed. Two types of learning models are compared, the 'spreading activation model' and the

‘Least Mean Squares (LMS) connectionist model’. The ‘spreading activation model’ is the framework traditionally employed by researchers to depict the mechanism by which brand knowledge is stored in memory; see for instance Henderson, Iacobucci and Calder (1998) discussed above and Keller (1993), in Volume 2, Part A. According to this model, brand knowledge is stored in memory nodes, connected by links which vary in association strength; a process of concurrent activation allows associative links from a brand name to an outcome to be updated, while the degree of updating depends on the quality of processing. Janiszewski and van Osselaer remark that, consistent with multi-attribute utility models, any salient cues such as brand names and features could gain predictive value, while each cue is independent and additive. In contrast, ‘LMS connectionist models’ are consistent with an adaptive learning process mechanism, whereby the strength of the link from one node to another is not necessarily equal to the strength of the link in the reverse direction. A second assumption of adaptive learning models is that feedback is used to update the association strength between cues and outcomes. Finally, an important assumption of this kind of models is that cues compete to predict outcomes; therefore the association strengths between each cue and an outcome depend on the association strengths between other cues and the same outcome. The impact of brand name as a predictive cue and the relevant underlying mechanisms are investigated in five studies concerning various portfolio strategies, ranging from co-branding to family brands. The main finding is that an adaptive learning process mechanism, such as the one described by the LMS connectionist model, is best suited to depict situations where cues are used with a predictive value. On the other hand, learning to recall may be best described by spreading activation models.

In the final article of Part A, Erdem, Swait and Valenzuela take an information economics perspective and test the value of brands as signals of product positions in different cultural settings and for products differing in the level of consumer involvement and purchase frequency (orange juice and personal computers). Specifically, the authors test the applicability to different cultural contexts of Erdem and Swait’s (1998) framework, which had suggested that the clarity and credibility of brands as signal of product positions increase perceived quality, decrease consumer perceived risk and information costs, and thus increase consumer expected utility. While results support the role of brands as signals of product positions whatever the context and the type of product, the positive effect of brand credibility on choice is found to be greater in cultures high in either collectivism or uncertainty-avoidance. Collectivism is found to increase the brand credibility effects for juice, while uncertainty avoidance has a stronger effect on personal computers.

In summary, the nine papers in Part A of Volume 1 offer an overview of the many perspectives regarding the definition of the brand construct and of the differential role brands can play for either the organisation or the consumer. This is irrespective of whether a strategy, marketing, economics or consumer psychology approach is taken. These notions are fundamental to the understanding of the literature discussing the construct of ‘brand equity’ which is the main topic of Volume 2. However, as we will see in that context, there is also debate and criticism of the notion of the brand as ‘added value’.

Before we delve into that debate, Part B of Volume 1 presents an overview of the literature on the ‘fundamental elements’ of brands such as names, logos and trademarks.

## Volume 1

### Part B: Managing Brand Elements

Keller et al. (2008) discuss the role of brand names, logos, trademarks, slogans, characters, Website addresses (URLs), jingles and packaging as important identifying and differentiating elements of the brand. This part of Volume 1 focuses on the three elements of brand names, logos and trademarks, because of their relevance to the American Marketing Association definition of the 'brand' discussed above and to the ensuing debate of what a brand is. Part B of Volume 1 is organised in three sections, corresponding to the three chosen elements.

#### ***Brand Names***

Keller et al. (2008) remark the importance of the brand name in capturing and in conveying the key associations and the central theme of a product in an effective and concise manner. Since brand names become shorthand for the product and its characteristics, they are also the most difficult element for brand managers to change. Hence, choosing an effective brand name is considered as an important decision and a complex process of identifying and screening alternatives is usually undertaken, often with the help of specialised consultancies. The literature on brand names reflects their importance as shorthand of meaning and discusses the phonetic, cultural and semantic considerations necessary when choosing a name for a new product. These three aspects are represented by the five articles reproduced here.

#### *Sensory or Phonetic Elements*

Drawing from research conducted in linguistics, specifically in the area of sound symbolism, the paper by Klink investigates the extent to which a brand name alone can convey product related information and also whether brand names can communicate information in the presence of supporting marketing communication. A first study tested whether brand names containing different types of vowel and consonants convey different information about the characteristics of the product. Both vowels and consonants were found to communicate product-related information in the absence of any marketing information. For example, products with names containing voiceless fricatives (*f* and *s*), as opposed to voiced fricatives (*v* and *z*) were perceived as smaller, softer and more feminine. A second study showed that the effect held in the presence of related marketing communications and for a variety of goods and services. An important outcome of these findings is that the use of sound symbolism in creating brand names may be particularly effective in naming products marketed globally, since the process of conveying meaning by brand sound may not be limited by language. In contrast, suggestive brand names such as Lean Cuisine may lose their meaning for consumers whose knowledge of English is poor. Finally, the use of sound symbolism may have particular implications for the naming of services, which tend to be evaluated via extrinsic cues only.

#### *Cultural Considerations*

The implications deriving from the sound and the script associations of brand names are discussed by Pan and Schmitt in a cross-cultural context. Specifically, the brand attitudes of Chinese native speakers are found to be affected primarily by the match between script associations (feminine v. masculine) and brand associations (feminine v. masculine). In contrast, the brand attitudes of English names are affected primarily by the match between sound associations and brand associations. The results reflect the differences in the alphabetic versus logographic characters of the English and

Chinese writing systems. In either case, a match between peripheral feature association (script or sound) with brand associations results in more positive brand attitudes than a mismatch.

The phonographic or logographic nature of the writing systems also has an important effect on the translation of a brand name, particularly when a name is translated from a phonographic to a logographic system. Three alternative methods of phonographic-to-logographic translations are possible: by sound (phonetic translation), by meaning (semantic) and by sound plus meaning (phonosemantic). The latter method is the most popular, since it allows the resulting brand name to sound like the original and at the same time to communicate important brand and product characteristics. In practice, this results in the name in the original language (e.g. English) to be placed next to its logographic translation which sounds similar to the original, while communicating relevant product characteristics. However, Zhang and Schmitt remark that this approach does not consider how consumers represent and process language and brand names in their minds. Using an English name as the original name and Chinese as the local language, the researchers show that the effectiveness of the type of translation depends on two key contextual factors: the degree of emphasis of the original English name as compared with the Chinese name and the type of prior translation method for brand names within the product category.

#### *Semantic Implications*

Finally, semantic implications of brand names are discussed the next two papers, by Zaichkowsky and Vipat and by Lerman and Garbarino. The importance of brand names as extrinsic cues used by consumers to evaluate the quality and the characteristics of a product (Jacoby et al, 1977; Zeithaml, 1988) triggered Zaichkowsky and Vipat to investigate whether the type of brand name (descriptive v. non-descriptive) has a different impact on the evaluation of different products (high v. low involvement). ‘Descriptive names’ provide some insight to the function and characteristics of the product, while ‘non-descriptive’ names do not provide any cues. Their results show that, for low involvement products, descriptive names are more effective than non-descriptive names in influencing evaluation. In contrast, brand names are found to have no significant impact on consumer evaluations of high involvement products. Zaichkowsky and Vipat attribute the results to the low risk associated with low-involvement products: a descriptive name would provide sufficient cues on the product quality and features to make a quick purchase. On the other hand, the higher risk associated with the purchase of high involvement products would necessitate a more extensive search and evaluation of the product characteristics, before buying, diminishing the importance of cues from the brand name itself. Finally, for both low and high involvement products, descriptive names are recalled better than non-descriptive ones.

Lerman and Garbarino also compare brand names of different types, not only in terms of being relevant or irrelevant to product attributes but also in terms of being related to an advertised attribute or related to an unadvertised attribute and in terms of word versus non-word brand names. Non-word names, irrelevant word names and word names related to an advertised attribute achieve higher recognition. However, words are better recalled than non-words. When different types of word names are compared, irrelevant word names and word names related to an advertised attribute are recalled better. The implication of the differences in recall and recognition of

brand name types is that it may be wise to understand the memory process for product purchase, before naming brands.

### ***Logos***

The next paper, by Henderson, Cote, Leong and Schmitt discusses the importance of logos as one of the primary elements of a company's visual branding strategy: '*logos are the repositories of brand associations, are used in multiple media ..., and their design and selection is costly in terms of both managerial time and money*' (p. 298). Building on previous work by Henderson and Cote (1998), the authors develop guidelines for selecting and designing logos that achieve their full potential in strengthening the brand's image, in a multicultural context. The starting point in effective logo selection is the type of response that is desired from the visual element of the brand: affect, recognition, meaning or, in Asian countries, feng shui, the balance and harmony with nature. In Western countries, if the goal is to emphasise affect and quality over all other responses, the key component of 'high image logos' should be moderate elaborateness and naturalness. However, in Asian countries, to increase feng shui, harmony should be added to organise elaborateness. Henderson et al.'s results suggest that, given the similarities between Asian countries, a single visual strategy can be adopted in that region. Furthermore, brand symbols developed in Asia could be transferred to the United States, since consumer responses for such symbols appear to be similar. This is consistent with Kapferer's (1992) remark that, unlike brand names and other elements of the marketing mix, logos may not need changing when going abroad.

### ***Legal Issues***

Finally, the two last articles of Volume 1 tackle the issue of the legal protection of brands. As discussed at the beginning of this Introduction and also in the paper by de Chernatony and Dall'Olmo Riley (1998) reprinted in Part A, the interpretation of the brand as a 'logo' enables recognition, while the brand as a 'legal instrument' enables prosecution of infringers. The paper by Simonson makes the point that the importance of brand names and logos as company assets depends on the company's ability to protect them from infringement. Two key tests of infringement which are considered in case of disputes are the likelihood of confusion and the genericness. However, Simonson's research reveals that estimates of likelihood of confusion and of genericness are dependent upon the method employed to measure them. He therefore highlights a series of measures that could be taken to improve measurement of the two tests. The importance of the issue of consumer confusion is particularly evident in the paper by Harvey, Rothe and Lucas regarding the widespread practice by retailers to use a look-a-like trade dress for their own products. This practice involves the use of the same visual cues (shape, size, colour, etc.) employed by a manufacturer's brand, to attract consumer attention and 'cannibalise' sales of that brand: a cross-brand cannibalisation strategy. This strategy has become popular among retailers, since it allows them to brand the retailer outlet as a whole and to switch consumer loyalty from the manufacturer brand to the store. The authors discuss the legal difficulties that brand manufacturers may face in counteracting retailers' argument that copycat branding does not confuse consumers and does allow them to shop comparatively. The case studies discussed by Harvey, Rothe and Lucas bring to life the problem, also identified by Simonson, in measuring consumers' likelihood of confusion.

## Volume 2

### Part A: Conceptualising and Measuring Brand Equity

The articles featured in Volume 1 tackled the conceptual foundations of brands and brand management, including brand definition issues, firms' motivations for branding and consumer centred roles of brands. Brand names, logos and legal issues, as the most important elements mentioned in the AMA definition of a brand, were the focus of the second part of the first volume.

Because of its focus on the brand's elements, rather than on the brand's deeper meaning, the AMA brand definition has often been stigmatised as a 'small b' definition, as discussed at the beginning of this Introduction. Volume 2 continues the debate between the 'small b' and the 'BIG B' views of the brand, by presenting different perspectives on the concept and measurement of brand equity. As discussed earlier in this Introduction, the conceptualisation and measurement of brand equity, and even its very existence, are still contentious issues in the brand management literature. Within this 'brand equity debate', the first part of Volume 2 presents eight exemplary articles on: different definitions of brand equity; how to measure brand performance; brand loyalty; and the notion of brand equity as the value of the brand to the firm.

#### ***Introduction***

Feldwick's article on the different definitions and approaches to the measurement of brand equity serves as the ideal introduction to the debate. Feldwick points out that there are three main interpretations of what brand equity is: brand value; brand strength; and brand description. Brand value refers to '*the total value of a brand as a separable asset – when it is sold, or included in a balance sheet*' (as discussed in detail by the last two articles in this part of Volume 2). Feldwick notes that there are at least two measurement difficulties related to this notion of brand equity; firstly the separability of tangible and intangible assets and secondly the inherent subjectivity of the value of a brand to the beholder. The interpretation of brand equity as brand strength is defined by Feldwick as '*a measure of the strength of consumers' attachment to a brand*'. Brand equity as brand strength is the view point most commonly found in the relevant literature and Feldwick notes that popular approaches to the measurement of brand equity according to this interpretation include: price/demand measures (including price premium and price elasticity); behavioural and attitudinal measures of brand loyalty; and awareness/ saliency measures. As discussed earlier on in this Introduction, these are product-market measures of brand equity, reflecting the outcomes of customer-based brand equity in terms of the brand's performance in the marketplace. A crucial issue, as noted by Feldwick and as emerging from the articles featured next in of Volume 2, is whether the 'strength' and the 'size' of a brand can be separated. Finally, according to Feldwick, brand equity as brand description relates to the descriptive associations / attributes of the brand. Feldwick notes that such descriptions have often been referred to as 'brand image' (see relevant articles in Part B of Volume 2) and have been included in a number of cross-sectional and longitudinal brand equity models (see for instance Lehman, Keller and Farley reprinted in Part A of Volume 2). Descriptive associations have also been related to dimensions of attitudinal and behavioural loyalty (see the two articles in the Brand Loyalty section of Volume 2) and to brand personality and brand relationships (see Part B of Volume 2).

### ***Brand Equity as Brand Strength***

The concept of Brand Equity as brand strength is epitomised by Keller's conceptualisation of Customer-Based Brand Equity discussed in his seminal Journal of Marketing 1993 paper reprinted here. Defined as '*the differential effect of brand knowledge on consumer response to the marketing of the brand*', customer-based brand equity is said by Keller to occur '*when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory*'. In Keller's view, a 'strong brand' is more likely to be purchased, enjoys greater consumer and retailer loyalty and is less vulnerable to competitive marketing actions. In terms of measurement, Keller proposes two main approaches. The 'indirect approach' relates to the measurement of brand knowledge itself (i.e. brand awareness and brand image), whereas the 'direct approach' assesses the impact of brand knowledge on consumer response to different elements of the firm marketing programme. The implication is that, once managers have defined the knowledge structures that they would like consumers to hold in their minds about a brand, brand management should focus on creating, strengthening and leveraging (through brand extensions) consumers' unique associations with the brand.

As noted by Feldwick, the notion of brand equity as the 'strength' of the brand in consumers' minds is the conceptualisation most commonly found in the relevant literature. However, this view is challenged by Ehrenberg in the next article of this collection. Ehrenberg points out that while brands do indeed differ on various attitudinal and loyalty measures, all these measures are merely a function of the brand's size or market share. Empirical evidence shows that small brands always do worse on brand performance measures than the bigger rivals not because they are 'weaker', but only because they are smaller. This is a manifestation of the Double Jeopardy phenomenon, which affects small brands in two ways: not only fewer people buy them, but fewer buy them often or like them. Indeed, the Dirichlet theoretical model (see Ehrenberg et al., 2004 later on) predicts buying behaviour patterns, on the simple basis of each brand's market share as the brand-specific input from which to make predictions. Hence, we should not be thinking in terms of 'strong' versus 'weak' brands, but only in terms of 'big' versus 'small' brands. However, Ehrenberg remarks that despite this 'Double Jeopardy', small brands do survive and may even be more profitable than bigger rivals.

### ***Measuring Brand Performance***

Opposite perspectives on the concept of brand equity are also reflected in the following two articles, with regards to the measurement of brand performance. The first article, by Lehmann, Keller and Farley, is concerned with identifying survey-based measures of brand equity not only able to discriminate between functionally similar brands but also robust across different cultural settings and product categories. Based on the academic literature and on three well known commercial brand tracking data bases, the authors develop a questionnaire including 27 brand performance constructs and 84 items. After internal consistency tests and scale refinement, the predictive power of the dimensions of brand performance is tested in the USA and in China. Interestingly, the brands considered in the study were once again Coke and Pepsi, plus a challenger brand (Dr. Pepper in the USA and Sprite in China). Results show that, as expected, the 27 measures of brand performance are correlated and discriminate among brands. For instance, Coke and Pepsi always score better than the challenger brand. Coke's brand performance appears stronger in China, perhaps an

indication of Coke's greater strength as a global brand, whereas Pepsi scores better than Coke in the USA. In a second phase of the research, Lehmann and colleagues categorise the 27 constructs into six main dimensions: Comprehension, Comparative Advantage, Interpersonal Relations, History, Preference and Attachments. When examined as a structural model, the links between the factors are consistent with a hierarchy of effect model of the AIDA type and with the conceptual model of brand value creation put forward by Keller and Lehmann (2003). The structure of this six factor model is shown to hold in both the USA and China and to discriminate well between leading and secondary brands in three product categories. However, there is not much distinction between the strongest top brands within a category. Furthermore, brand effects are found to be country specific. On the basis of these findings, Lehmann, Keller and Farley stress that *'no single measure fully captures the richness of brand performance. For marketers to gain a full understanding of their brand performance, multiple sets of measures and factors must be employed'* (p. 49).

Understanding brand performance measures, albeit from a behavioural, rather than from an attitudinal point of view, is also the focus of the last paper in this section, by Ehrenberg, Uncles and Goodhardt. In contrast with the multiplicity of measures and factors recommended by Lehman et al., Ehrenberg and his colleagues note that whatever the behavioural brand performance measure employed (e.g. how many customers buy the brand, how often or how much they also buy other brands), the main pattern is the same: big and small brands differ greatly in how many buyers they have, but far less in how loyal these buyers are. The Dirichlet model predicts this and other 'law like' patterns, on the simple basis of each brand's market share as the brand-specific input. Whilst the model is defined for steady state and un-partitioned markets where market shares are stationary and there is no clustering of particular brands, the authors note that the benchmarks obtained from the Dirichlet model can be used to identify, for example, market partitioning and other departures from the basic norms, as well as assessing and interpreting dynamic non-steady-states situations (e.g. due to price promotions).

### ***Brand Loyalty***

The debate on the definition and measurement of brand equity continues in the next section concerning the concept of Brand Loyalty, which is considered by many researchers as one of the key components of brand equity itself (e.g. Aaker, 1996). East, Wright and Vanhuele offer a comprehensive overview of the complexity of the topic, through a review of the relevant literature. They note that the term 'loyalty' has many different forms, which may or may not be correlated and may be dependent upon the product category. In particular, they distinguish between three possible forms of customer loyalty: share, retention and recommendation. 'Share' occurs when customers buy several brands in a category, as typical for instance in grocery markets. Here consumers may give a high share (occasionally even an exclusive share) of their loyalty to one of the brands. The second form of loyalty is 'retention'. This form is often used to measure loyalty in services categories, as well for fast moving consumer goods. Thirdly, consumers can 'recommend' a brand to others and help recruit new customers. While these three forms of loyalty are mostly behavioural, East and colleagues note that a second aspect of loyalty is the feeling or attachment that customers have towards brands. There is widespread support in the literature for the notion that, to be truly loyal, consumers also have to hold a favourable attitude, or attachment, towards the brand (e.g. Day, 1969; Jacoby and Chestnut, 1978; Dick and Basu, 1994).

In brand equity terms, strong brands should be characterised by a high degree of behavioural and attitudinal loyalty (see Feldwick, 1996 above), consistently with the conceptualisation and measurement of brand equity discussed in the articles by Keller (1993) and Lehmann et al. (2008). In contrast with this view, and more in line with the standpoint of Ehrenberg (1993) and Ehrenberg, Uncles and Goodhardt (2004), is the evidence presented by Dall’Olmo Riley, Ehrenberg, Castleberry, Barwise and Barnard, in the second article of this section. Their paper considers the over time consistency of consumers’ attitudinal beliefs about specific brand attributes and their intentions to buy the brand again, as possible measures of the commitment or loyalty towards specific brands. The striking finding of this research is that, when the same consumers are interviewed a second time, on average only about 50% gives the same attitudinal Yes or No response as before, implying that attitude beliefs are not very firmly held. Furthermore, the attitudinal repeat-rates for different brands are found to vary around this overall 50% average in a systematic manner, in line with the level of initial attitudinal responses and as a further instance of Double Jeopardy effects. The variation of repeat-rates is therefore not brand-specific and does not reflect idiosyncratic differences in brand loyalty or, even, brand equity.

### ***Brand Equity as the Value of the Brand to the Firm***

Finally, the last paper in Part A of Volume 2 discusses the notion of brand equity as the brand financial value to the firm. The interest in the financial valuation of brands has been sparked by a number of high profile mergers and acquisitions in the past twenty years or so, such as the acquisition of Rowntree by Nestle in 1990 and, more recently, of Gillette by Procter & Gamble. In both cases, a substantial price premium was paid over and above the brands’ tangible assets.

Simon and Sullivan start from the premise that too much emphasis has been put by managers on short term brand performance measures, since it is usually easier to assess the short-term outcome of marketing investment, rather than the impact of brand investment on the long-term performance of the brand. The authors suggest that, if correctly and objectively measured, brand equity can serve the purpose of evaluating the long-run impact of marketing decisions. Defined as ‘*the incremental cash flows which accrue to branded products over unbranded products*’, brand equity is estimated by Simon and Sullivan by means of a technique that extracts the value of intangible assets from the value of the firm’s other assets. The technique is known as “Tobin’s Q” and is defined as ‘*the ratio of the market value of the firm to the replacement cost of its tangible assets*’ (Tobin, 1969 and 1978). A value of Q greater than 1 indicates that the firm has intangible assets; brand equity is a specialised intangible asset, which increases the cash flow of the firm. The authors describe two benefits of employing this technique of estimating brand equity on the basis of the financial market value of the firm. Firstly, it is possible to determine, at the macro level, the objective value of the company’s brands and to relate this value to the determinants of brand equity. This allows organisations to compare the effectiveness of their marketing activities with industry competitors. Secondly, at the micro level, it is possible to isolate changes in brand equity at the brand level, by measuring the impact of marketing decisions. The disadvantage of the micro-level approach is, however, that due to the inherent noise of stock markets, only events of large enough entity will have an impact. “Tobin’s Q” is positively considered in the literature, as a forward looking measure ‘*providing market-based views of investor expectations of the firm’s future profit potential*’ (Rao et al., 2004: 129).

## Volume 2

### Part B: Managing Brand Intangibles

The articles in the second part of Volume 2 examine in detail various aspects of the brand's intangible elements, since such elements are at the core of the debate on the conceptualisation and measurement of brand equity. Indeed, as the articles included in this section testify, the debate continues with regards to the concepts of brand identity, image, positioning and personality. Managerial implications in terms of managing brand relationships and brand communities are also tackled in this section.

#### *Introduction*

The article by Stern, Zinkhan and Jaju on the definition, measurement and theory of the 'image' construct offers an ideal introduction to the section. In common with other constructs (see for instance the definition of the 'brand' construct discussed at the beginning of Volume 1), the authors note that the term 'image' has been used inconsistently by researchers to mean different things. This inconsistency in usage has consequences in terms of construct definition, measurement and theory development. Firstly, Stern and colleagues remark that, in the marketing literature, the term image has been used to denote three different reality domains: as a tangible entity in the physical world; as a verbal and pictorial representation in the media; or as a mental picture in consumers' minds, resulting from the processing of external stimuli. While the store and brand images literatures focus on the consumer-as-receiver, for the corporate image literature, the consumer is just one of a multiplicity of stakeholders-as-receivers. Similarly to the approach taken by Stern (2006) in the discussion of the meaning of the brand construct (see first article in this four volume collection), the unravelling of the 'image' construct is approached first in a historical and etymological perspective. The different definitions found in the literature concerning brand image, corporate image and store image are examined and, for each image type, a classification scheme is developed, based on the emphasis of each individual definition. For instance, brand image definitions are classified into: generic, symbolic, meaning/message, personification and cognitive or psychological. Stern and colleagues observe that the definitions of store image are the most diverse; with some definitions considering image as a property of the store itself, others as a cognitive concept in consumers minds and others as an interaction between sender and receiver. In contrast, most definitions of corporate image see it as a state (rather than a transaction), located in the perceiver's mind. Each image type also varies in the number of dimensions. Finally, the authors note that the multiplicity of definitions has resulted in measurement problems for each type of image. For instance, with reference to brand image, they claim: '*(n)o standardized measurement technique has yet been developed*' (p. 218). Disagreements regarding the measurement of brand image concern: (i) its context, i.e. whether measurement should refer to the image of the brand in isolation or in relation to its competitors; (ii) whether qualitative or quantitative techniques should be used and which specific measurement tool; and (iii) the validity and reliability of the different methods.

Following Stern et al. introductory article on definition, measurement and theoretical issues of different image types, the next section expands the analysis to the concepts of brand identity and brand positioning. The first two articles in the Brand Identity, Brand Image and Brand Positioning section offer interesting insights into the relative importance of 'brand identity' and of 'brand image'. The subsequent two articles

provide an alternative perspective to the commonly held view concerning the importance of brand image as a brand equity component and of brand positioning and differentiation as determinants of brand choice.

### ***Brand Identity, Brand Image and Brand Positioning***

The piece by Kapferer, from his book on Strategic Brand Management, puts brand identity at the core of what a brand is: *'A brand is not the name of a product. It is the vision that drives the creation of products and services under that name. That vision, the key belief of the brands and its core values is called identity. It drives vibrant brands able to create advocates, a real cult and loyalty'*. In Kapferer's conceptualisation of a brand the dominant concept is therefore its 'identity' or the brand's core meaning and value, as specified and communicated by its management. On the receiver's side is brand image, as the result of the interpretation and synthesis made by the public of all brand messages (e.g. brand name, products, advertisements, etc.) sent by the brand owner. In terms of brand management, brand identity therefore precedes image. Kapferer identifies six aspects, or facets, of brand identity: physique, personality, culture, relationship, reflection and self-image. Physique represents the physical and functional aspects of the brand, whereas personality is the brand character: *'(t)he way it speaks of its products or services shows what kind of person it would be if it were human'*. Together, physique and personality portray a picture of the sender. The third element, culture, is very important for Kapferer, since it embodies *'the set of values feeding the brand's inspiration'* and plays an important role in differentiating brands. The brand's culture can derive from the brand's country of origin, or from the firm itself. Not only *'(a) brand is a culture'*, but also *'(a) brand is a relationship'*, at the centre of transactions and exchanges between people, particularly in the service sector. Finally, the last two facets of the prism reflect the brand's client type and express the self-image of the customer. At the centre of the brand identity prism is the brand essence: the value it symbolises. For Kapferer, identity is crucial also because it is the source of brand positioning, a second key concept in brand management. Positioning is about comparative and competitive differentiation, what makes the brand unique in the eye of the customer, relatively to the alternatives. Brand identity and positioning make up the 'brand platform'.

The premise of the second article in this section, by Faircloth, Capella and Alford, is Aaker's (1991) and Keller's (1993) suggestion that creation of positive brand image and brand attitude should enhance brand equity. The results of the study conducted by Faircloth and colleagues provide empirical support to this suggestion. In particular, the study indicates that different brand attributes could be manipulated so that to enhance brand image and brand attitude. However, while a more positive brand image directly results in greater brand equity (operationalised as likelihood of purchase and willingness to pay premium prices), brand attitude also influences brand equity via brand image. This is consistent with Keller's (1993) suggestion that brand attitude is a part of brand image and with Kapferer's definition of brand image as the synthesis, in consumers' minds, of all the signals emitted by the brand. Faircloth et al. conclude that marketers should focus on managing brand image and brand attitude, rather than brand equity itself. However, since brand image appears to be a better predictor of brand equity than brand attitude, managers should not assume that enhancing brand attitude will directly enhance brand equity. Finally, Faircloth and colleagues remark: *'The evidence that images are subject to experimental manipulation suggests the possibility that they are not perhaps as "sticky" as*

*previously assumed*'. This observation is consistent with the variability of attitudinal beliefs reported by Dall'Olmo Riley et al. (1997) and discussed above.

The following paper in this section, by Bird, Channon and Ehrenberg, is the first in a series of papers by Ehrenberg and associates, over a span of twenty years, examining the relationship between brand image and brand usage (see in particular Barwise and Ehrenberg, 1985; Castleberry and Ehrenberg, 1990 and Ehrenberg, Goodhardt and Barwise, 1990). Bird and colleagues define brand image in cognitive terms (see Stern et al.'s classification of brand image definitions), as '*an attitude towards a given brand*', and is operationalised in practice as the percentage of consumers associating an attribute – e.g. "Good for colds" – with a brand. This is not to be confused with 'brand attitude' as defined by Faircloth et al. in the previous paper, which was a general evaluative construct. Bird et al. established a pattern, confirmed and elaborated by subsequent work, that the percentage of respondents claiming that a brand possesses a given attribute is correlated with the percentage of people buying the brand regularly. The explanation of this pattern is that consumers' attitudinal responses differ markedly by whether or not they use the brand, or more generically by their recency and frequency of use. In subsequent work, Barwise and Ehrenberg (1985) and Castleberry and Ehrenberg (1990) observed that this relationship between attitudes and behaviour is rarely acknowledged by either academics or practitioners. In their view, this is the major cause for the often simplistic claims of attitudes being precursors of behaviour (or even of brand equity). However, in terms of causality, there is no evidence that attribute responses can explain why consumers buy a brand, since the majority of attributes seem to be mainly a "halo effect" of present and past usage of the brand. On the other hand, the attributes that are more closely related to specific characteristics of the different brands could equally be the reason for buying as the motivation for not buying (for a full discussion of "evaluative" versus "descriptive" attributes see Barwise and Ehrenberg, 1985 and Dall'Olmo Riley et al. 1997 – in this collection). Hence any attempt to identify the "determinant" attributes of brand choice should give due consideration to the relative frequency and recency of purchase of each brand (and ultimately their market share).

Finally, a challenge to the commonly held belief concerning the importance of perceived brand differentiation comes from Romaniuk, Sharp and Ehrenberg in the last article of this section. The authors start with the review of the, mostly theoretical, literature presenting the argument for brand differentiation and of the theoretical and empirical evidence suggesting that differentiation is '*best thought of as a category-level rather than brand-level phenomenon*'. Then, Romaniuk and colleagues present their own evidence regarding the extent to which buyers perceive the brands they use to be differentiated from other brands in the market. Contrary to common beliefs, the majority of buyers are not found to perceive the brand they buy most often to be differentiated from other brands, while any brand perceived by their buyers as significantly 'differentiated' and 'unique' is usually small. The findings are in contrast with the majority of the marketing and branding literature, for which differentiation is key to the success of a brand and also with the consumer behaviour literature, for which brand perceptions are determinants of brand choice (see above). Results of this research also suggest that buyers know something about the brands they use, but very little about the ones they do not use. A paradox of these findings is that, if brands are considered by consumers to be all very similar to each other, to be easily identifiable and to 'stand out' from the crowd becomes even more important for brands. Hence, the importance of the brand's elements: name, packaging, colour,

characters, celebrities, etc. in making the brand *distinctive* (rather than differentiated). The evidence that differentiation plays a smaller role than conventionally assumed leads Romaniuk and colleagues to conclude that researchers should focus on identifying the cues used by consumers to identify brands. In turn, managers should focus on building up the distinctive qualities of the brands they manage. This is perhaps a more “realist” view of what brand management can achieve.

Overall, the four articles in this section reflect not only the debate concerning the conceptualisation and the measurement of brand equity, but also the “big B” versus “small b” perspectives of what brands are and of their roles in consumers’ lives.

In contrast with the “small b” role of brands suggested by the apparent lack of perceived differentiation among competing brands (Bird et al., 1970; and Romaniuk et al., 2007), a “big B” perspective, particularly in terms of the value that consumers attribute to brands and of their involvement with the brands they buy, is assumed by the six articles that follow (and which conclude Volume 2).

### ***Brand Personality***

The idea of associating psychological values to a brand, as a means of differentiation is not new. A considerable stream of research has focused on the concept of brands as symbolic devices with personalities that users value beyond their functional utility (Alt and Griggs, 1988; Blackston, 1992; Arnold, 1992; Goodyear, 1993). When choosing between competing brands, consumers would assess the fit between the personalities of the brand and the personality they wish to project (Zinkhan et al., 1996). Within this stream of research, the most cited paper is indubitably the one by Jennifer Aaker (1997), who identified five possible personality dimensions, or sets of human like attributes, associated with particular brands by North American consumers. The dimensions include: Sincerity, Excitement, Competence, Sophistication and Ruggedness. Following upon Aaker’s earlier work, Aaker, Benet-Martinez and Garolera examined the structure of symbolic and expressive attributes associated with commercial brands in different countries and the extent to which brand personality dimensions are culture specific. Indeed, previous research had pointed out that while utilitarian attributes associated with brands (e.g. durability) vary little in meaning and importance across countries (Aaker and Maheswaran, 1997), symbolic associations tend to vary to a larger extent across cultures (e.g. Han and Shavitt, 1994). Accordingly, the comparison of brand personality dimensions in Japan and in the United States indicates a set of dimensions common to both countries (Sincerity, Excitement, Competence and Sophistication) and some culture specific ones: Peacefulness in Japan and Ruggedness in the USA. Similarly, Sincerity, Excitement and Sophistication are common brand personality dimensions found in commercial brands in Spain and in the United States, while Competence and Ruggedness are dimensions found only in the USA but not in Spain, where Passion is found to predominate.

In the following article, Azoulay and Kapferer challenge the existing scales (including Jennifer Aaker’s scale) of the brand personality construct. In their view, existing scales are too imprecise and fail to measure brand personality in the strict sense. Research, they claim, has focused too much on external validity, i.e. whether the scale produces the same five factors when translated to other languages and cultures, and not enough on construct or concept validity. According to Azoulay and Kapferer, the origin of the problem with existing personality scales is that Aaker’s definition of brand personality as ‘*the set of human characteristics associated with a brand*’ is too

broad and all encompassing, but at the same time ignores the psychological definition of personality. The end result is that Aaker's personality scale actually measures a number of tangible and intangible dimensions that, while somewhat related to personality, actually correspond to other facets of brand identity, such as, for instance, perceived brand performance. Azoulay and Kapferer therefore suggest that researchers should revert to a stricter definition of brand personality, in order to focus on a more accurate measurement of the concept. Their proposed definition therefore is as follows: '*brand personality is the set of human personality traits that are both applicable to and relevant for brands*'.

The notion of brands possessing human personality traits is relevant to the concept of consumers developing relationships with brands, as detailed in the next section of this Volume.

### ***Brand Relationships***

A brand relationship is a logical extension of brand personality (Blackston, 1992): if brands can be personified, then consumers would not just perceive them, but would also have relationships with them (Kapferer, 1992; Blackston, 1993).

In the first paper of this section Susan Fournier (1998) draws upon theories of animism to discuss three ways in which brands can be anthropomorphised and consumer/brand relationships can develop. Firstly, the personality of the brand owner or of a spokesperson or of a previous owner can transfer to the brand. Secondly, brand characters can transfer human qualities to the brands they are associated with. Finally marketing activities can be considered as a set of behaviours enacted by the brand, which therefore becomes a reciprocating partner in the relationship with the consumer. Fournier also points out that the socio-cultural context has an effect on the development of consumer/brand relationships, which always exist within the context of other types of relationships. Consumer/brand relationships are therefore complex phenomena, which evolve through time. By means of a phenomenological approach, Fournier then explores in depth the life experiences with brands of three women. Through this process, seven relationship dimensions are uncovered, underlying fifteen consumer-brand relationship forms. Each relationship form can yield particular benefits and varies in the maintenance requirements and in dissolution motives. The main outcome of Fournier's analysis is the conceptualisation of consumer-brand relationship quality construct (BRQ), as a richer alternative to the construct of brand loyalty.

The extent to which the strength of the consumer-brand relationship and its likelihood to brake down is affected by the brand personality type is the focus of the combined efforts of Aaker, Fournier and Brasel in the next paper. Specifically, the endurance of the consumer/brand relationship is examined in the case of transgression by a 'sincere' versus an 'exciting' brand. Results indicate that while consumer/brand relationships with 'sincere' brands are normally stronger and more enduring than relationships with 'exciting' brands, this is not so in the case of some kind of transgression committed by the brand. Transgressions committed by 'sincere' brands appear to have unrecoverable damaging effects on all aspects of the consumer/brand relationship, whereby this is not so when the 'exciting' brand has committed a transgression. The results are explained by the authors with the greater violation and breach of trust involved in a transgression by a 'sincere' brand.

The metaphors of brand personality and of brand relationships described by the above four articles have become very popular in recent years, in the context of the broader relationship marketing literature. However, the reader is invited to carefully consider the applicability of the relationship metaphor to consumer markets. In this context, O'Malley and Tynan (1999) (not included in this collection for space reasons) offer a critical evaluation of the process of metaphoric transfer, evaluate the utility of the interpersonal relationship metaphor in the context of mass consumer markets and highlight a number of important implications for theory development in this field. Furthermore, Dall'Olmo Riley and deChernatony (2000 – reprinted in Volume 4, Part B) identify theoretical and conceptual similarities between the 'brand' construct and the 'relationship' construct. Specifically, the notions of trust, credibility and reliability appear to be relevant to both constructs. The implication of these similarities is that branding and relationship marketing are interdependent and could be seen as two stages of the same process, with relationship marketing playing an increasingly important role whenever purchase risk and involvement are greater. On the other hand, for low risk, low involvement products and services, consumers may not feel the need to engage in any relationship, since brand names can adequately fulfil their main roles of risk reducers and simplifiers of choice.

### ***Brand Communities***

Brands may not only be the object of a relationship with consumers, but also the focus of relationships developing among consumers themselves. The latter are discussed in the literature on 'brand communities' which conclude Volume 2. The literature on brand communities is very recent and has developed mainly in the last ten years, also thanks to the advent of 'online brand communities'. The two papers featured in this section represent the most recent developments of this young stream of research.

The first paper, by Carlson, Suter and Brown, discusses the notion that social interaction, either face-to-face or remotely, is not necessary for a sense of 'brand community' to exist. Instead, Carlson and colleagues propose that a psychological sense of brand community may exist, whereby an individual may perceive relational bonds with other brand users, *'as a result of identifying with the desirable characteristics of a particular brand and/or the characteristics of other consumers who purchase the brand.'* This unobservable sense of brand community may precede, or work instead of, social interaction among individuals. Results of empirical analysis indicate that both psychological and social brand community members show strong commitment to the brand. Enhancing brand-image related attributes may be effective for creating and maintaining a psychological sense of brand community and may be an effective method for attracting customers to a brand. On the other hand, the creation of a social brand community may strengthen customer retention.

The last paper in the volume, by Thompson and Sinha, discusses the potential benefit of a brand community in enhancing the brand loyalty of its members and in provoking oppositional brand loyalty. Indeed, the authors find that higher level participation and longer-term membership in an online brand community increases the probability of adopting a new product from the preferred brands, as well as decreasing the likelihood of adopting new products from competitors'. However, this result is found to be dependent on whether the competitor's new product is first to market and also on the number of brand community memberships. In the case of multiple brand community memberships, higher levels of participation in a brand community are more likely to increase the likelihood of adopting products from opposing brands. Given the fact

that it is difficult for managers to ascertain whether brand community members also participate in other brand communities, efforts to increase the levels of participation of members may not be a panacea. Providing incentives to early participation to brand communities and continuous new product development may achieve better results in stimulating oppositional brand loyalty.

### **Volume 3**

#### **Part A: Brand Strategies (1)**

The brand elements examined in Volume 1 and the concepts related to the different aspects of brand equity discussed in the articles featured in Volume 2 find their practical application on a number of strategic alternatives available to brand managers. These strategic alternatives are the focus of Volume 3. Part A of this Volume starts with three articles on brand strategy or 'brand architecture'. These are followed by another set of three articles on various forms of brand alliances. Part B is entirely dedicated to the complex topic of brand extensions.

#### ***Brand Architecture***

According to Keller et al. (2008), the branding strategy or architecture for a firm reflects the number and nature of common or distinctive brand elements applied to the different products sold by the firm. In the first paper dedicated to this topic, Rao, Agarwal and Dahlhoff start from the premise that the branding strategies of a firm create long-term brand equity through the customer responses they engender. The authors therefore set out to assess the extent to which three different branding strategies (corporate branding, house of brands or mixed branding) relate to the intangible value of the firm, as measured by Tobin's Q ratio (see the paper by Simon and Sullivan, 1993 featured in Volume 2, Part A). Their findings highlight that the highest Tobin's Q values are achieved by firms pursuing a corporate branding strategy, followed by those practicing a house of brand strategy, while firms with a mixed branding strategy achieve the lowest value. Many firms in the sample analysed by Rao and colleagues do not appear to pursue the strategy that maximizes Tobin's Q. The authors note that the apparent advantage of a corporate branding strategy over the alternatives may be due to the fact that the financial community, whose assessment of a firm's value is at the basis of the Tobin's Q measure, may be more familiar with corporate brands than with the individual brands that make up a firm's portfolio. Moreover, the financial community may fail to appreciate the potential advantages of a differentiated branding approach in terms of targeting different consumer segments, while also distributing risk over more brands. Overall, the authors conclude that the decision of which branding strategy to pursue should be based on a number of factors.

The next two papers in this section, by Devlin and by Devlin and McKechnie should be read in conjunction, since they present the managerial and the consumer perspective on the brand strategies which best suit the financial service sector. In the first paper, Devlin's qualitative research reveals that a "multi-corporate" approach, where the brand architecture comprises a family of many brands, is preferred by financial services marketing practitioners. Financial services managers' motivation for this approach is to target and to build a relationship with different customer groups, while also signaling distinctive competencies to the marketplace. The

corporate branded approach also receives some support, while the approach of branding individual services is not advocated by financial services managers.

In contrast with these results, in the second paper Devlin and McKechnie uncover that financial services customers have an opinion of financial services branding altogether different from that of managers. In particular, the consumers participating in the study do not think it is necessary for different types of financial services institutions to have separate distinctive competencies in order to deliver financial services successfully. Instead, consumers tend to view a financial service organization as a single entity and treat all services offered by a particular organization as components of a single brand. Furthermore, the concept of “relationships with financial services brands” appear alien to consumers’ perceptions. Overall, these two papers highlight the importance for managers to consider consumer perceptions when deciding whether to adopt a corporate or a multi-brand approach. Consumers’ views are particularly important in ascertaining whether the benefits of maintaining separate brands offset the costs.

### ***Brand Alliances***

An increasingly widespread strategy is the formation of brand alliances of different kinds.

In the first paper, Simonin and Ruth define brand alliances as *‘the long term associations or combination of two or more individual brands, products and/or other distinctive proprietary assets’*. Brand alliances can take many forms, such as bundled products, components products, or even composite brand extensions. Based on theories of information integration and attitude accessibility, Simonin and Ruth examine the factors affecting consumers’ evaluation of a brand alliance and the spillover effects of the brand alliance evaluation on attitudes toward each partner’s brand. The moderating effect of brand familiarity is also considered. In practice, the model was tested in relation to an alliance between a car manufacturer and a microchip ‘ingredient’, then retested in the context of alliances in two different sectors (airlines with credit cards and entertainment with retailing). Significant spillover effects of brand alliances on the partner brands are observed. Specifically, the extent to which the brand alliance itself is evaluated favourably determines the extent to which the brand alliance enhances or dilutes the partner brand. Prior brand attitudes, product fit and brand fit are also found to affect the evaluation of the alliance. This result has important implications for choosing as alliance partner a brand that not only is evaluated favourably but also that produces positive perceptions of product fit and brand fit when combined with the other brand. Finally, Simonin and Ruth note that a brand alliance between an unfamiliar and a familiar brand generates greater spillover effects on the evaluation of the unfamiliar brand.

The issue of the difference in the quality of partners in the brand alliance is studied in depth in the next paper by McCarthy and Norris in the context of branded ingredients. Starting from the premise that brand alliances provide buyers with a signal of product quality, the authors investigate the contribution of a branded ingredient to the competitive positioning of a host brand. Their findings reveal that host brands of moderate quality gained the most, in competitive terms, from the association with a high-quality branded ingredient, narrowing the gap with the higher quality host brands. In contrast, a host brand already considered to be of high quality would gain little additional information about product quality from the association with a high quality ingredient. Nonetheless, McCarthy and Norris point out that a high quality

host brand may still want to pursue an alliance with a high quality branded ingredient, in order to prevent a lesser quality brand from doing so.

In the final article of this section, Samu, Krishnan and Smith investigate the factors likely to affect the effectiveness of advertising alliances (in which two brands from different product categories are featured together in an advertisement) for introducing new brands. The factors of complementarity between the brands in the advertising alliance, the type of advertising processing strategy (top-down versus bottom-up) and the type of differentiation strategy (common versus unique advertised attributes) are considered. The associative network memory model (see also Henderson, Iacobucci and Calder's article in Volume 1 of this collection), categorisation theory and attribution theory provide the theoretical framework for modelling how consumers process and respond to joint advertising. Results indicate that the decision regarding the complementarity between the partner brands (complementary v. non complementary), the type of advertising processing strategy and the type of differentiation strategy is dependent upon the goal to be obtained from the alliance. For instance, if the goal is to maximize brand awareness, a complementary partner and a top down advertising strategy should be chosen, to gain rapid acceptance while strengthening the category ↔ brand link. In contrast, the goal of maximizing brand beliefs could be achieved with a complementary ally and the use of a bottom-up advertising strategy strengthening the brand ↔ attribute link.

### **Volume 3**

#### **Part B: Brand Strategies (2)**

#### **Introducing and Managing Brand Extensions**

The second part of Volume 3 is entirely dedicated to the complex and extensive literature on brand extensions. As mentioned earlier in this Introduction, many unanswered questions do remain in this area of research, particularly with regards to moderating factors such as the characteristics of consumers, of the parent brand and of the extension category (see Czellar, 2003). The eleven papers in this part of Volume 3 aim to give an overview of the many different factors which managers should take into consideration when introducing and managing brand extensions.

#### ***Core Elements***

The four papers reprinted in this section relate to the Core Elements of brand extension research, starting with the process by which consumers evaluate brand extensions (Boush and Loken, 1991), the determinants of extension success (Völckner and Sattler, 2006), the consideration of the fit between the extension the parent brand (Park, Milberg and Lawson, 1991) and finally the extension feedback effects on the parent brand (Milberg, Park and McCarthy, 1997).

#### ***Consumer Evaluation of Brand Extensions***

There is a wealth of research on the process and the factors used by consumers to evaluate brand extensions. For example, according to Anderson (1981), the evaluation process of a brand extension is the result of integrating information about the parent brand with information arising from the new item. The brand can act as a signal of the quality of the new product (Wernerfelt, 1988 – see Volume 1), reducing perceived risk and improving the attitudes towards the new good or service (Milewicz and Herbig, 1994; Czellar, 2003). Within this stream of research, the paper by Boush and Loken reprinted here uses categorization and scheme-congruence theories to discuss

how the categorization of the brand extension as a member of the parent brand category triggers the transference of perceptions stored in consumers' minds. Results of a laboratory experiment reveal that evaluation of a brand's extension are influenced by the extension's similarity to the brand's current products (brand extension typicality) as well as by the variation among a brand's current product (brand breadth). Brand breadth is found to interact with brand extension typicality. For instance narrow brands appear to have an advantage over broad brands when the extension is essentially the same as a current product. However, greater brand breadth seems to increase the typicality of moderately discrepant extensions and has little effect on the perceived typicality of extremely discrepant extensions.

Previous literature suggests that brand extensions may not only reduce the costs associated with launching a new product, but also increase its chances of success (e.g. Collins-Dodd and Louviere, 1999 and Tauber, 1988). However, in practice, failure rates of brand extensions are reported to be as high as 80% (Ernst & Young and ACNielsen, 1999; Marketing, 2003). Given this background, the paper by Völckner and Sattler offers a comprehensive evaluation of the determinants of extension success, as measured by consumers' evaluation of the extension overall, its relative quality and its market position. From the literature and from interviews with brand managers and researchers, the authors identify ten potential brand extension success factors. The relative importance of the ten success factors in explaining extension success, the structural relationship among the factors and any moderating effect are tested. Fit between the parent brand and the extension product is confirmed as the most important determinant of brand extension success. Other major factors include marketing support, parent-brand conviction, retailer acceptance and parent-brand experience. Furthermore, several important structural relationships among the success factors are uncovered. For instance, marketing support is found to influence fit, which in turn increases retailer acceptance and, ultimately, extension success. Finally, fit is found to interact with the quality of the parent brand and with parent-brand conviction, although in both cases the effect is small.

Given its importance as a determinant of the evaluation of a brand's extension, the concept of fit is further discussed in the next paper.

#### Extension Fit

Also within the framework of categorization and scheme-congruence theories (like Boush and Loken above), the paper by Park, Milberg, and Lawson analyses the dual nature of the concept of "fit". Specifically, Park and colleagues note that, in evaluating brand extensions, consumers take into account not only the degree of "category fit", or similarity between the new product and the pre-existing ones, but also the "image fit", or general coherence with the parent brand's concept. Building upon previous work by Park, Jaworski and MacInnis (1986) (reprinted in Volume 1), Park, Milberg, and Lawson compare the perceived fit and the extension evaluation process for brands with a function-oriented brand concept versus brands with a prestige oriented brand concepts. For either type of brand concept, the higher the category" and "image" fit, the more positive the consumer attitude towards the extension. However, concept consistency ("image" fit) appears to have a greater effect on the extendibility of prestige brands than of functional brands, thus the former may be better able to extend to products with low feature similarities ( low "category" fit).

#### Extensions Feedback Effects on Parent Brand

Apart from the “forward spillover effect”, which refers to the transfer of beliefs and affect from the parent brand to the extension (as examined by the papers in the previous sections), researchers have also studied the so called “backward” or “feedback” spillover effect of the extension on the evaluation of the parent brand (e.g., Balachander and Ghose, 2003; Martínez and de Chernatony, 2004; Thorbjørnsen, 2005; Völckner, Sattler, and Kaufmann, 2008). The research on feedback spillover effects has revealed that brand extensions can have an effect on the sales of the parent brand’s existing products (Balachander and Ghose, 2003; Swaminathan, Fox, and Reddy, 2001; Swaminathan, 2003) and on the extended brand’s image (e.g. Kim and Lavack, 1996; John, Loken, and Joiner, 1998). Spillover effects are not always positive and considerable risks may arise, for instance, from extensions that affect the brand’s image through the generation of negative beliefs (e.g. Aaker, 2002; Völckner et al., 2008).

Within the latter stream of research, the paper by Milberg, Park and McCarthy reprinted here investigates the relationship between alternative brand extension strategies and negative feedback effects of such extensions. Fit or, in the specific instance of this research lack of fit, is found to play an important role also on the extension feedback effects on the parent brand. Negative feedback effects are found to occur when extensions are perceived as belonging to a product category dissimilar from those associated with the family brand and also when extension attribute information is inconsistent with image beliefs associated with the parent brand. In these circumstances, a sub-branding strategy, where a new brand name is used in conjunction with a family brand name, is found not only to lessen negative feedback effects, but also to improve consumer evaluations of extensions. The authors suggest that a sub-branding strategy may be effective in transferring positive associations between the brand and the extension (and vice-versa), while at the same time allowing consumers to differentiate the extension from the family brand, hence resolving any inconsistency between the two.

Milberg, Park and McCarthy’s paper also contributes to the debate on branding strategy or architecture, by highlighting the need to carefully consider the applicability of different strategies to different circumstances and to evaluate the relationship between different brand levels: corporate, family or individual brand. Furthermore, consistent with the paper by Devlin and McKechnie reprinted in the Brand Architecture section of Volume 3, Milberg, Park and McCarthy’s paper highlights the importance of considering consumers’ perceptions in any decision concerned with branding strategy.

### ***Extension Types***

The majority of the literature on brand extensions, including the four papers featured so far in Part B of Volume 3, relate, whether explicitly or not, to the so-called “category extensions”, whereby a brand is extended to a product category different from the product category of the parent brand. While the general process of “forward” and “backward” spillover effects may be similar for different types of extensions, there are specific issues concerning “line” and “vertical” extensions. The papers by Nijssen (1999) and Kim, Lavack and Smith (2001) featured next deal with line and vertical extensions respectively. Finally, Swaminathan (2003) discusses the issue of the number of extensions.

### ***Line Extensions***

In line extensions, an existing (parent) brand is applied to a new product within the same product category or product class. Typically line extensions involve new flavours, pack sizes or colours. Often line extensions target a new market segment, which may result in increased overall sales, but may also foster market fragmentation. A second issue relevant to line extensions is the extent to which the new product “cannibalizes” sales from existing products and whether cannibalization contributes or detracts from the success the line extension.

These issues are the focus of the paper by Nijssen. The paper examines managers’ experiences in the launch of line extensions and the factors contributing to the success or otherwise, of this strategy. Firstly, results indicate that line extensions aimed at stimulating variety-seeking behaviour may be counterproductive, since they may fragment the market rather than expand it. Market fragmentation may be particularly damaging for the brand leader, since it may reduce its economies of scale, particularly if the launch of the line extension is defensive in nature. On the other hand, an offensive strategy, where the line extension is first to market, fits well with the parent brand and is supported by substantial advertising, is more likely to succeed. Finally, the issue of whether “cannibalization” contributes or detracts from the success the line extension is partially dependent upon the managerial objectives when launching the extension. Nijssen remarks that most line extensions will cannibalize sales of existing products, hence cannibalization should be combined with brand sales, market share and profits as a measure of the line extension success.

#### Vertical Extensions

Vertical extensions involve introducing a similar brand in the same product category of an existing parent or family brand, but at a higher price or quality point (step-up extension) or at a lower one (step-down extension). The main issue for vertical extensions is the “backward” spillover effect on the core brand evaluation. Indeed, previous research has suggested that vertical extensions may have a negative impact on the core brand evaluation (Loken and John, 1993; Dacin and Smith, 1994). “Distancing” the vertical extension from the parent brand may help reduce the dilution of the latter.

The issue of how consumer evaluation of a core brand is affected by the introduction of a step-up or step-down vertical extension and the extent to which distancing techniques have an impact on consumer evaluations of vertical extensions as well as core brands are the focus of the paper by Kim, Lavack and Smith reprinted here. Categorization theory (see also Boush and Loken earlier in this part of Volume 3) and Fishbein’s attitude theory are used to explain the process used by consumer in evaluating vertical extensions and their core brands, as well as the impact of distancing techniques (close, medium and far). Furthermore, similar to Park, Milberg and Lawson (see extension fit section), the impact of product concept (function-oriented vs. prestige-oriented brands) is considered. Consistent with previous literature, vertical extensions of both kinds are found to dilute the evaluation of the core brand, for both function-oriented and prestige-oriented brands. Distancing techniques seem to be effective in reducing the dilution of the core brand image, particularly in the case of a step-down extension of a prestige-oriented brand. However, the opposite result is shown with regards to the consumer evaluation of the step-down extension of prestige-oriented as well as of function-oriented brands. The apparent trade-off of distancing in the case of step-down extensions suggests that use of this technique should depend upon the strategic goals of the company: whether

maintenance of the core brand or the long-term success of the vertical extension is considered to be more important to the future profitability of the firm.

### *Multiple Brand Extensions*

There is debate in the literature with regards to the extent to which the sequential introduction of brand extensions by the same parent (core) brand into different product categories does dilute (e.g. Aaker, 1991) or strengthens (e.g. Dacin and Smith, 1994) the equity of the brand. This issue is the focus of the paper by Swaminathan reproduced here. Unlike the majority of previous literature on brand extensions, which focuses on consumers' attitudes and evaluations of a single fictitious extension, Swaminathan's research employs 'real' data from a scanner panel to evaluate the impact of the sequential introduction of two brand extensions on brand choice. Furthermore, Swaminathan compares the results across different segments of consumers that differ in their loyalty towards the parent brand and towards the intervening extension (i.e. the first of the two extensions). Experience with the parent brand and with the intervening extension is found to have an impact on purchase behaviour of a subsequent brand extension, particularly among consumers less loyal to the parent brand and also among consumers who have tried the intervening extension more than once. With regards to reciprocal effects, a subsequent brand extension is found to have an impact on choice behaviour of the parent brand and of the intervening extension, but only in the case of high fit between the parent brand and the subsequent extension categories. In the case of high fit, loyalty towards the parent brand also appears to have an effect on trial of the intervening extension. Finally, a significant impact of trial of the intervening extension on subsequent extensions is found only when the intervening extension is successful or in those segments where the core parent brand is not very strong. In these circumstances, the intervening extension appears to provide new information about the parent brand.

### *Moderating Factors*

Earlier papers in this part of Volume 3 have referred to the characteristics of the parent brand (Park, Milberg and Lawson, 1991), of the consumer (Swaminathan, 2003), of the marketing support given to the extension (Völckner and Sattler, 2006) and of the branding strategy itself (Milberg, Park and McCarthy, 1997) as moderating factors affecting the success of the brand extension and its "feedback" effects on the image of the parent brand. The four papers that conclude Volume 3 discuss each of these moderating factors in more detail.

### *Characteristics of Consumers*

Han and Schmitt's paper examine whether the evaluation of a brand extension is affected by the cultural characteristics of consumers. "Individualists" US consumers are found to rely on their own assessment of the fit between the parent brand and the new product when evaluating an extension, with little regard for the characteristics of the company launching the extension. In contrast, in East Asian "collectivist" cultures, consumers are found to rely to a greater extent upon the size and reputation of the company as a cue for quality, particularly in the case of low fit between the extension and the firm's existing products. From this finding, Han and Schmitt conclude that the product-related benefit of an extension in terms of its fit with its parent brand should be the focus of the marketing programme in individualist cultures, while corporate identity, in addition to product-related associations, should be the focus of brand extension strategies in Asian collectivist societies.

### Characteristics of the Parent Brand

Building upon earlier work by Broniarczyk and Alba (1994) and Park, Milberg and Lawson (1991, reprinted earlier in this section), the paper by Bhat and Reddy examines whether the specific attributes associated with a brand or the affect towards the brand have a greater role in the process by which consumers evaluate extensions. Extensions of both symbolic and functional brands are considered in the study, as well as durable versus non-durable extensions. Consistent with Broniarczyk and Alba (1994), Bhat and Reddy find that parent brand attribute associations play a more important role than parent brand affect in extension evaluation. Overall, image fit (including parent brand associations) is found to be more important than product level fit in extension evaluation. However, parent brand affect does influence the extension evaluation of symbolic brands. While the symbolic or functional characteristics of the parent brand does appear to be an important moderating factor (confirming the results by Park, Milberg and Lawson reported above), such effect may be moderated by the extension's durability. With non-durable extensions image fit is equally important for functional and symbolic brands, whereas image fit is more important for durable extensions of symbolic brands.

### Characteristics of the Extension Category

In which circumstances is launching a new brand a better strategy than extending an existing brand? The paper by McCarthy, Heath and Milberg reprinted here builds upon their earlier work (see Milberg, Park and McCarthy in the Core Elements section) to examine this question. They note that while new brands benefit to a much smaller extent than brand extensions from positive associations transfer, they have fewer negative associations to transfer. Furthermore, new brand names can be semantically and phonetically tailored to fit specific product categories and product features, besides satisfying novelty seeking consumers. By means of a choice experiment, McCarthy and colleagues compare the effect of new name versus brand extension branding strategies and the effect of name's fit with the product category (worse vs. better) on brand attitudes and choice. Their findings indicate that the choice between branding strategy is partially dependent upon situational factors related to the amount of brand attribute information processed by consumers. When consumers process product information, new brands are found to perform as well or better than brand extensions. In contrast, in situations of limited information processing and better fit, brand extensions perform better.

### Characteristics of the Extension Marketing Programme

The final paper of Volume 3, by Bridges, Keller and Sood, establishes the important role of different communication strategies in enhancing the salience and relevance of parent brand associations in the extension context, by establishing explanatory links that connect the parent brand and the extension. Specifically, an *elaborational communication strategy*, which focuses on the extension itself and elaborates on its attributes or benefits, can be helpful in improving perceived fit in those cases when brands with dominant attribute-based associations are extended to a category with no physical attributes in common, by reassuring consumers about any worrisome associations. On the other hand, a *relational communication strategy*, which emphasizes parent brand associations, may lead to higher perceptions of fit in those cases where brands with dominant attribute-based associations are extended to a category with physical attributes in common. In these instances, a relational

communication strategy can improve the extension evaluation, by raising the salience of the physical relationship between the categories.

## **Volume 4**

### **Part A: Brand Management Systems**

The final volume of this Major Work relates to the many challenges faced by brands and their managers when faced with the growing power of retailers, the threat of own brands, the necessity to understand the peculiarities (and the commonalities) of managing different types of brands in different cultural contexts and the ensuing need for a more strategic approach to brand management.

The three articles in Part A of Volume 4 present an overview of the evolving role of the brand manager and the evaluation of different brand management systems. Katsanis and Pitta start from Low and Fullerton's (1994) historical perspective of the evolution of brand management systems and propose that, far from being defunct, the product management system has been evolving according to a "punctuated equilibrium paradigm". They discuss how, historically, each time of equilibrium in the product management system has been disrupted by revolutionary changes in either the internal or the external environment (or both), to give way to the next state of equilibrium and corresponding management system. According to Katsanis and Pitta the last revolution started in 1989 when Procter & Gamble announced the abandonment of the brand management system in favour of category management. This put an end to internal competition among brands, in favour of synergistic collaboration between brands at the category level. Ever since, other management systems, such as channel management, regional management and multidisciplinary marketing teams have been adopted by organisations in response to the increasing power of retailers, an increased focus on building relationships with channel members and consumers, as well as greater demands on accountability.

The issue of whether brand management or category management is better in terms of profitability of the firms is picked up by Zenor, in the second article of this section. Zenor compares the advantages and disadvantages of the two systems and proposes an economic model for calculating the potential benefits of category management, as well as a set of principles for predicting the market conditions leading to greater or lesser benefits. From the model, Zenor concludes that while category management can benefit not only the adopter, but also competitors and retailers, such benefits are dependent upon the market structure, the competitive and the retailer policies. For instance, category management is most effective and profitable, compared with brand management, in markets where retailers have enough power to determine the final selling price of a product. While powerful retailers could benefit from the internal price competition between brand managers, the coordinated effort between brands which characterises category management would help manufacturers in keeping the prices of all brands high, thus increasing overall profitability.

A more contemporary perspective of the evolution of management and organisational systems is offered by Homburg, Workman and Jensen in the last article of this section. On the basis of qualitative interviews with managers in the USA and in Germany, the authors propose that changes in marketing organisation that in previous literature have been discussed in isolation are part of an increased overall shift towards customer-focused organisational structures. Among others, they propose that

adaptation of systems (information, accounting, and reward systems) and changes in human resources management (skills, recruiting, training, and career paths) have occurred in organisations as a consequence of the increased focus on customers. They also note that, as a direct consequence of the shift from product-focused and geographically focused organizational structures toward customer-focused structures, country/regional managers and product managers are becoming relatively less important as coordinators, while market segment/key account managers are becoming relatively more important. However, they also remark that while many marketing activities are carried out in cross-functional process teams, functional units for marketing and sales activities have not been abandoned altogether and that the traditional organizational form of product management is remaining in most firms.

## **Volume 4**

### **Part B: Managing Brand Typologies**

Volume 4 and the Major Work collection conclude with a series of articles related to the management of different types of brands and to the question of whether or not the general concepts and strategies examined in the first three Volumes do need to be changed to suit specific brand typologies.

#### ***Corporate Brands***

The importance of the “corporate brand” has already been highlighted by some of the articles reprinted in earlier volumes, in reference, for instance to the Brand Architecture (e.g. Rao, Agarwal and Dahlhoff, 2004; Devlin, 2003; Devlin and McKechnie, 2008) and to the evaluation of brand extensions (e.g. Han and Schmitt, 1997). The importance of the corporation as a brand is ever increasing also because of the growing interest in a firm’s reputation as a corporate responsible organization (see next section).

As “identity” is an important dimension of a brand (see Kapferer’s feature in Volume 2), so “corporate identity” is a critical element of the corporate brand, since it reflects the company’s “essential character” and suggests that each company has its own personality, uniqueness, and individuality (Bernstein, 1984). In the first article of this section, Simões, Dibb and Fisk develop the notion of “corporate identity” or the company’s core meaning and value, as specified and communicated by its management (see also Kapferer, 2008 in Volume 2). Specifically, Simões and colleagues focus on the development of a measure of corporate identity dimensions that can be controlled internally by the firm. Following a holistic approach, they integrate ideas from the graphic design, organizational studies, and marketing literatures to develop a generalizable scale that can be used to monitor, audit, or measure aspects of Corporate Identity Management. From a large-scale empirical study of the services sector, Corporate Identity Management is found to include three fundamental aspects: (1) the implementation, support, and maintenance of visual systems; (2) the expression and pursuit of brand and image consistency through global organizational symbols and forms of communication; and (3) the endorsement of consistent behaviour through the diffusion of a company’s mission, values, and goals. Consistent implementation emerges as a fundamental aspect of successful corporate identity management. Crucially, in services organisations, consistent behaviours need to be developed among employees, hence the importance of communicating the essence of the brand to all employees, explaining their role in personifying the brand

and ensuring that they are committed to achieving the company's goals. The role of the employees as "the ambassadors of the brand" is an important issue, as the papers in the Services Brands section will stress even further.

While Simões, Dibb and Fisk have taken the perspective of the firm in managing and communicating the corporate brand's identity, the following paper assesses the corporate brand from the perspective of consumers and discusses the extent to which corporate image, i.e. consumers' perceptions of the company, affect their evaluation of the company's products. Souiden, Kassim and Hong tackle the effect of Corporate Name familiarity, Corporate Image, Corporate Reputation and Corporate Loyalty on Consumers' Product Evaluation in two countries, the USA and Japan. They note that while the relevant literature has taken the perspective of brand management theories and practices originated in the West as universal, a stream of literature originating in the East (mainly Japan) presents a rather different picture. The divergence of opinions and practices between the East (Japan) and the West (USA) can be explained by a number of factors. Firstly there are historical, social and economic differences, as well differences in products, distribution, consumers and competitive environments. Secondly, Japanese companies tend to be more market-share, hence short-term, oriented than American companies, which tend to focus more on the long-term profitability of the brand. Furthermore, there are differences in consumer behaviour, branding strategies and managerial styles. These differences help to explain differences in how the elements of the corporate brand may affect consumers' perceptions of a company's products in the two countries. Indeed, while the effect of Corporate Name familiarity and of Corporate Reputation on Consumers' Product Evaluation is the same in both countries, Corporate Image and Corporate Loyalty have a greater effect in Japan than in the USA. These findings confirm the widely held belief that Japanese consumers tend to be more loyal, as well as the view that consumers of different cultures might have different perceptions of the effect of corporate branding (e.g. Tanaka, 1993).

### ***Socially Responsible Brands***

The concepts of corporate image and of corporate identity are taken one step forward by the two papers in this section, in relation to the associations consumers may have with regards to the company as a socially responsible organisation and to the value of ethical brands.

In the first paper, Brown and Dacin consider the effect of two types of corporate associations - corporate ability (CA) and corporate social responsibility (CSR) – on consumers' product evaluations. Corporate ability associations are defined as "*those associations related to the company's expertise in producing and delivering its outputs*", while corporate social responsibility associations "*reflect the organization's status and activities with respect to its perceived societal obligations*". On the basis of two experiments and one study with real brands, the authors find that when both CA and CSR associations are available to consumers, these associations appear to affect product responses in different manners. CSR associations exhibit an influence on product evaluations primarily through the overall corporate evaluation. CA associations, on the other hand, influence product evaluations through product attribute perceptions, as well as through the overall corporate evaluation. Therefore, multiple paths of influence for corporate associations seem to occur. Another finding of interest is a kind of contrast effect, whereby new "good" products introduced by a company with more negatively evaluated CA associations are regarded as

significantly more favourably than new products launched by a company with more positively evaluated CA associations. In contrast, the results of all three studies reveal that negative CSR associations ultimately can have a detrimental effect on overall product evaluations, whereas positive CSR associations can enhance the product evaluations. However, Brown and Dacin note that, in practice, it would be extremely difficult to determine the precise value of being seen as a “good guy”.

The latter point is tackled by Du, Bhattacharya and Sen in the next paper. The authors examine the extent to which a socially responsible corporate brand identity achieves greater positive outcomes (consumer-company identification; loyalty; advocacy) than companies that simply engage in some form of CSR activity. Indeed, results of a study in the yogurt category indicate that consumers tend to have more favourable beliefs, make more charitable attributions, show more loyalty and be stronger advocates for brands positioned in terms of CSR than for brands that, while engaging in CSR, are positioned on traditional, product-specific dimensions such as quality. Du and colleagues also note positive spillover effects from CSR positioning on corporate ability (CA) beliefs. From this, the authors suggest that, while CSR positioning is typically more emotionally than cognitively based, it may also provide a cognitive edge, enhancing consumers’ beliefs regarding the brand’s ability to deliver functional benefits.

### ***Business to Business Brands***

As noted earlier on in this Introduction, the literature on business to business branding is far less developed than the literature regarding consumer brands. The two papers in this section help considerably in filling this gap, firstly by tackling the issue of the importance of brands in business-to-business markets (Mudambi, 2002), then by considering the extent to which brand equity frameworks developed in business-to-consumer (B2C) contexts can be applied to business-to-business (B2B) environments (Kuhn, Alpert and Pope, 2008). Considerable similarities emerge from the findings of these two papers.

The key question motivating Mudambi’s research is not only whether branding is important in B2B markets, but to whom branding is particularly important and in which circumstances. UK industrial buyers of bearings were surveyed by Mudambi regarding their perceived importance of the product, service, and branding attributes when making a purchase decision. Three clusters of firms are identified by the research: “highly tangible,” “branding receptive,” and “low interest”. About a third (37%) of the firms surveyed are “branding receptive” and perceive branding elements to be of significant importance. These elements include: how well known the manufacturer is (a measure of brand name awareness); general reputation of the manufacturer (a measure of brand image or reputation); and the number of prior purchases from the manufacturer (an indication of brand purchase loyalty). Branding-receptive firms also attribute a significantly higher importance of the service aspects to the quality of the ordering and delivery service and to the quality of the working relationship. Branding receptive buyers tend to have more suppliers than the other clusters and appear to be more loyal to them. Their perception of risk and of the importance of their purchases is also higher than in the other clusters. In contrast, however, for almost half of the sample (49%), the more tangible aspects of the product, such as price and physical product properties are the most highly rated (“highly tangible” cluster). Finally, to “low-interest” firms (14% of the sample) none of the attributes appear to be more important than in other clusters. Despite the

fact that “branding receptive” firms are not the largest cluster, Mudambi points out that branding appears to play a more important role in B2B decision making than has generally been recognized. However, since branding is not equally important to all companies, all customers, or in all purchase situations, Mudambi provides a number of suggestions for the branding strategies that are most likely to succeed with each of the three customer groups.

The suitability and limitations of Keller’s customer-based brand equity model (see Volume 1) and its applicability to a business-to-business (B2B) context is the focus of the research by Kuhn, Alpert and Pope. Their motivation for the research is that, as the business-to-business branding literature is under-developed, there is no model available to assist B2B marketers in identifying and measuring brand equity. Overall, the findings of two subsequent studies conducted by Kuhn and her colleagues suggest that amongst organisational buyers there is a much greater emphasis on the selling organisation, including its corporate brand, credibility and staff, than on individual brands and their associated dimensions. Some brand elements such as product slogans appear to lack relevance to organisational buyers, while user profiles, purchase and usage situations and credibility are even more important than Keller had suggested. Consistent with Mudambi’s (2002) findings above, respondents in Kuhn, Alpert and Pope’s study are found to most closely identify with the “highly tangible cluster” as they indicate that physical product improvements are important, and their focus is on tangible, quantifiable and objective benefits of the products and their manufacturers. While the emotional and self-expressive benefits are unimportant, respondents highlight the need for support from well-established, reputable and flexible manufacturers. They acknowledge the importance of a high-quality physical product as well as augmented services. Mudambi had also suggested that a combination of a strong company brand and an effort to differentiate individual brands is likely to be most effective with firms in this cluster, as they are less receptive to branding. This appears to be the case in Kuhn et al.’s study.

Overall, Mudambi’s (2002) and Kuhn, Alpert and Pope’s (2008) studies suggest that while the corporate brand, relationships with suppliers and service quality play a significant role in B2B markets, branding strategies need to recognise the extent to which different business customer segments perceive the importance of branding in their purchase decisions. The relative importance of brand naming, physical product features, pricing, distribution, advertising and promotion and personal selling for each customer cluster must be recognised.

### ***Services Brands***

The two papers by de Chernatony and Segal-Horn (2003) and by Dall’Olmo Riley and de Chernatony (2000) reprinted here approach the topic of services branding from two different angles, but are strictly related and should be read together. Both papers present a useful summary of the relevant marketing, branding and management literatures and both draw upon the expert knowledge of brand consultants. The starting points of the two papers may be different, but the conclusions are strictly related.

Dall’Olmo Riley and de Chernatony tackle more directly the question of defining the service brand and the principles of services branding, with particular reference to executing the services brand strategy and to building services brands through relationships (see also the discussion of Brand Relationships earlier on in this Introduction). For both goods and services, brands are found to fulfil the same basic

functions, in terms of representing a distinctive value system, relevant to consumers. However, the execution of the branding strategy may require some adjustments, especially when consumers find it difficult to differentiate between alternatives or do not understand the technicalities of the more complex and intangible services brands (e.g. in the case of financial and professional services). A strong identity and reputation of the “company as brand” is particularly important in these circumstances, creating trust in the firm’s range of services and as the basis for differentiation. Dall’Olmo Riley and de Chernatony emphasise the role of employees as the enactors of the “company brand”. Therefore internal communication and training should be used to strengthen the internal corporate culture and increase employees’ service delivery motivation, making them more committed not only to satisfying, but also to delighting the customers. In summary, Dall’Olmo Riley and de Chernatony propose a notion of “the service brand” as a *holistic process* which provides focus to the internal relationship between the service company and the employees, and comes alive in the external relationship (encounter) between consumer and service provider (employee). A virtuous circle is created whenever a strong “brand as a company” identity permeates the organization and provides a relevant focus to both consumers and employees.

The notion of shared values permeating the service organisation from conception to delivery is the fundamental premise for a successful service brand, according to de Chernatony and Segal-Horn in the following paper. To be successful, a service brand requires not only clarity in its positioning, but also clarity about the genuine values within the organisation that the brand represents. Such values must be shared within the organisation. Shared values are more likely to arise when management behaviour is based on genuine conviction, which should result in commitment, internal loyalty, a clearly understood internal brand and the ability to deliver a coherent approach across stakeholders. Consistent with Dall’Olmo Riley and de Chernatony, staff and front-line staff in particular are considered to have a crucial impact on consumers’ experiences of services brands. Such experiences must be unvarying at each point in time and every point of delivery. Staff commitment therefore has to precede consumer commitment. Managers, in turn, have a critical role in ensuring that knowledge, training, systems and commitment are in place to enable staff to deliver the services brand values to all the organisation’s stakeholders. In summary, a focused position, consistency and values are the three key criteria to the success of services brands. On the basis of their analysis of the literature and discussion with brand experts, de Chernatony and Segal-Horn propose a services branding model which integrates the various criteria for success within a systems prospective. Importantly, and consistent with Dall’Olmo Riley and de Chernatony earlier findings, the underlying theme of the model is that growing and managing successful services brands is value-dependent and service encounter-dependent, because services brands are relation-based both internally and externally.

### ***Luxury Brands***

A number of papers reprinted earlier in this collection have discussed the importance of distinguishing brands on the basis of their functional or symbolic positioning (see Park, Jaworski and MacInnis, 1986 in Volume 1, Part A; Park, Milberg and Lawson, 1991 and Bhat and Reddy, 2001 in Volume 3, Part B). The papers by Wong and Ahuvia (1998) and Phau and Prendergast (2000) reprinted in this section focus specifically on the characteristics and symbolic values attributed by consumers to

luxury brands. Both papers take a cross-cultural perspective which emphasises that the drivers behind the consumption of luxury brands may be culturally motivated.

Wong and Ahuvia discuss the possible effect of culture on luxury consumption in Southeast Asian and Western societies and draw related propositions. Their starting point is the contemporary manifestation of Confucian collectivism operating in Southeast Asia, whilst they dismiss as too simplistic the simple dichotomy between collectivism and individualism. Specifically, the authors examine the influence on luxury consumption of five aspects of the Confucian tradition: interdependent self-concept; the balance between individual and group needs; hierarchy and the legitimacy of group affiliation, plus the diminishing role of humility. When examined in the context of an Eastern interdependent culture, based on the Confucian notion of interrelatedness, luxury consumption assumes very different connotations from those typical in Western independent cultures. In particular, Wong and Ahuvia note that the Asian interdependent self focuses more on the public, outer self than the Western, independent self. For this reason, plus the fact that economic status is becoming increasingly important, Southeast Asians are devoting more and more attention to public and visible possessions of luxury goods, as a way of manifesting social conformity in a materially focused, family-oriented, hierarchical culture. However, this public manifestation of materialism may or may not reflect internal personal tastes, traits or goals. In contrast, internal personal tastes and personal hedonic experiences would be more important as consumption motivators of luxury goods for Western consumers.

Wong and Ahuvia discussion of cultural differences are an ideal background to the discussion of the relevance of the “rarity principle” to the consumption of luxury brands in Southeast Asian versus Western countries, in the paper by Phau and Prendergast, which is reprinted next. Their starting point is the commonly held view in the literature originating from the West that rarity is one of the fundamental characteristic of a luxury brand; hence the so called “paradox” of luxury brands is that they need to be known to many, but possessed by few. Rarity would enhance their “dream value”, defined by Dubois and Paternault (1995) as a function of awareness and purchase. Greater awareness enhances the dream value, but the purchase act, by making the dream come true, takes away some of the luxury nature of the brand. While the “dream value” formula and the concept of the “rarity principle” is found to hold in the West, the popularity of a brand is found to propel, rather than to diminish, the dream value of brands in Southeast Asian countries. The results are explained with the predominance of Confucian values in Asian societies, as Wong and Ahuvia had discussed.

From a managerial point of view, the two papers suggest that positioning and cultural influences should be considered carefully when promoting luxury brands in different countries.

### ***Retailer Brands***

Earlier on in this Introduction, we mentioned the increasing market shares of retailer brands or “own (private) labels” as one of the current threats to brands. Whether brand manufacturers should respond to this threat by producing products to be branded under the retailer’s name is the focus of some debate in the literature. For instance, Dunne and Narasimhan (1999) suggest that brand manufacturers can gain considerably from producing private labels, both in terms of economies of scale and also as a way to re-dress the balance of power with retailers. In contrast, Quelch and

Harding (1996) see the production of private labels as distracting and suggest that brand manufacturers should instead focus on enhancing the equity of their brands, as a means of fighting retailers' own brands.

Another stream of literature examines own labels from the point of view of retailers and focuses on consumer buyer behaviour with regards to store brands. The purpose of this is twofold: firstly to understand whether consumers buy store brands differently from branded items, secondly to apply this knowledge to explain differences in the popularity of own labels in different countries. The two papers reprinted here belong to this consumer behaviour oriented stream of research. The first paper, by Uncles and Ellis, confronts three commonly held beliefs concerning own labels: first that the impact of own label is greatest on minor brands, i.e. that own labels succeed in markets where there are no strong brands; secondly that own labels are a competitive tool, differentiating a store from the competition; and thirdly that own labels build consumer loyalty to a chain or a store. Uncles and Ellis' study (for the US ground coffee market) is in two parts: looking at own labels buying behaviour firstly within chains and then across competitive chains. Within chains, sales of own labels are compared to sales of other brands, with differing market shares; the numbers of sole buyers are examined as well as differences in the way own labels and other brands in the consumer repertoire are bought. Between chains, the study examines whether similar patterns are found across the market and how consumers spread their purchases among stores. Contrary to the commonly held beliefs described above, own labels are found to be bought very much like manufacturers' brands and loyalty is just slightly above average. Furthermore, own labels are found to be part of a repertoire of brands bought by consumers, which also includes other brands and other own labels from different chains. Overall, consumers appear to buy own labels like any other brand, indeed the Dirichlet model (see Ehrenberg, Uncles and Goodhardt, 2004 reprinted in Volume 2) accurately predicts own labels purchase patterns as well as it predicts patterns for all other brands in the market.

While purchase behaviour patterns for own brands within a market closely replicate purchase behaviour patterns of manufacturers brands, possibly consumers in different countries perceive store brands differently in terms of quality, risk and price. This could explain why in European countries store brands are more successful than in the United States. Specifically, from an information economics perspective, Erdem, Zhao and Valenzuela examine whether the differential success of store brands in the United States, United Kingdom and Spain can be explained by differences in: consumer uncertainty about quality (or the positioning of the brand); perceived quality of store brands versus manufacturers brands; consistency in store brands offering over time and consumers attitudes towards quality, risk and price. Results from scanner panel data in the three countries provide evidence that consumer learning and perceived risk, as well as consumer attitude toward risk, quality and price do play a part in consumers' brand choices and can explain at least some of the differences in the relative success of store brands across different countries. For example, laundry detergent store brands are found to have less quality uncertainty associated with them in the UK and in Spain than in U.S.A., where store brands are less successful. Results suggest that the positioning of store brands in different countries should take into consideration whether consumers are more sensitive to price or to quality. For instance, if consumers are more quality sensitive than price sensitive, store brands should be positioned as a high quality, rather than as a cheaper, alternative to manufacturer brands.

### ***Destination Brands***

The notion of the branding of “destinations” or “nations” has attracted increasing interest in the past thirty years or so, particularly in relation to tourism marketing (e.g. see Crompton, 1979 as an example of early research). “Event” image is a relatively newer, but also increasingly popular, stream of research, because of its associations with sponsorship and sport marketing (e.g. see Gwinner, 1997 and Gwinner and Eaton, 1999). From a co-branding perspective, the paper by Xing and Chalip reprinted here examines the extent to which pairing a sport event with a destination brings about some transfer of image between the sport event and the destination and vice-versa. For destinations that already enjoy a reputation of being “active”, hosting a sport event is found to heighten the sense that destination is indeed “active”. The presence of the sport event itself primes this effect, rather than the relative level of the sport’s activity. However, for destinations considered as “leisurely”, a relatively active event is found to depress evaluative ratings for the destination. In contrast, there appears to be an asymmetric effect in the extent to which a destination can affect the image of an event it hosts: events activity ratings are elevated when hosted in a leisurely city. The findings have practical implications for selecting the host city for an event, suggesting that both the effect of the event on the city and the effect of the city on the event should be considered when estimating travel intentions to the destination.

### ***Global Brands***

The last topic in this Four Volume collection is important for several reasons. Firstly, because of the recent establishment of the anti-globalisation movement and the condemnation of the ‘tyranny of global brands’ (e.g. Klein, 2000), the value of a global brand positioning has been questioned (e.g. The Economist, 2001a and 2001b). Secondly, the phenomenon of consumer ethnocentrism may bias consumers to favour local, home produced brands (e.g. Shimp and Sharma, 1987; Zambuni, 1993). Thirdly, as an outcome of the globalisation of business activities, there are an increasing number of “hybrid” products for which the country of origin of the brand and country of production are different, with consequent effect on consumer evaluations (see, for instance, Häubl, 1996).

In the final paper in this Major Work, Steenkamp, Batra and Alden focus on the extent to which consumer perceptions that a brand is “global” affect purchase likelihood, why this is so and for whom. In order to increase the generalisability of results, the study is conducted in two countries, the U.S.A. and Korea, and four product categories and eight brands are considered in each country. Perceived brand quality and prestige are found to be positively associated with Perceived Brand Globalness (PBG). Furthermore, in both countries, PBG influences purchase likelihood more strongly through perceptions of superior quality. However, in both countries, the quality and prestige associations of perceived globalness are considerably weaker for consumers with a high level of ethnocentrism. The authors suggest that segmentation based on level of consumer ethnocentrism may be helpful for deciding on global brand entry strategy. While the results of this research have obvious implications for the marketing and management of global brands, they also open up a number of inferences for local firms, which can communicate their brand as icons of local culture.

This Introduction has aimed to provide an overview of the main debates in the brand management arena. Hopefully the reader has found this overview useful in putting in context each of the papers included in this Major Work Collection.

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