Chapter 10
Developing and Managing Brand and Product Strategies

Learning Objective 01/02
Branding and Category Management

1. **Brand Recognition** – consumer awareness and identification of a brand
   - Brand Loyalty
     - Brains achieve a widely varying consumer familiarity and acceptance. Brand loyalty is measured in 3 stages

2. **Brand Preference** – Consumer reliance on previous experiences with a product to choose that product again
   - **Brand Equity**
     - Added value that a respected well-known brand name gives to a product in the market place

3. **Brand Insistence** – Consumer refusal of alternatives and extensive search for desired merchandise

- **Brand – Name, term, sign, symbol, design, or some combination that identifies the products of one firm while differentiating them from the competition**
- **Components of Product Strategy**
  - Trademarks
  - Product Quality
  - Packaging
  - Labelling
  - Features and Benefits
  - Warranties
  - Aftersales Service

- **Types of Brands**
  - Manufacturers Brands vs. Private Brands
    - Manufacturers brand – Brand name owned by a manufacturer or other product. These are also called national brands
    - Private brand – Brand offered by a wholesaler or retailer. Private labels brands have been growing lately
  - Captive Brands
    - National brands that are sold exclusively by a retail chain
  - Family and Individual Brands
    - Family brand is a single brand name that identifies several related products. It should identify products of similar quality or the firm will risk harming its overall brand
    - Individual brand – a brand that uniquely identifies the item itself than promoting it under the name of the company or under an umbrella name covering similar items

- **Brand Licensing** - Firms authorization of other companies to use its brand names

A firm builds brand equity sequentially on four dimensions of brand personality
1. **Differentiation** – brand’s ability to stand apart from competitors
2. **Relevance** – real and perceived appropriateness of the brand to a big segment
3. **Esteem** – perceived quality/consumer perceptions about the popularity of the brand
4. **Knowledge** – extent of customer awareness of the brand

**Category and Brand Management**
- Brand manager – Marketer within an organization who is responsible for a single brand
- Category management – product management system in which a category manager oversees a product line
- Category managers have profit responsibilities unlike the traditional brand managers

**Brand Extensions** - Strategy of attaching a popular brand name to a new product in an unrelated product category

**Generic Products** – products characterized by plain labels, no advertising and the absence of brand names
Packaging
- A firm’s product strategy should also address questions about packaging
- Packaging is also a powerful influence on purchasing decisions
- Companies conduct marketing research to evaluate current packages and test alternative package designs
- A package serves three major objectives
  1. Protection against damage, spoilage and pilferage – product pass through several stages of handling during the distribution process and the contents should be protected against damage
  2. Assistance in marketing the product – it helps promote the product, enhance convenience and increase utility with packages designed for reuse
  3. Cost effectiveness – changes to packaging costs would make the product cheaper and also could protect the environment

Trade Marks – brand for which the owner claims exclusive legal protection

Trade Dress – visual components that contribute to the overall look of a brand. The visual components may be related to colour selections, sizes, and package and label shapes

Trade mark protection allows the exclusive legal right to use a brand name, brand mark or any other slogan or product name abbreviation

Brand Name – Part of a brand consists of words, numbers, or letters that can be spoken and that identifies and distinguishes a firm’s offerings from those of its competitors

It should be easy to pronounce, recognizable and remembered

A brand name should give the buyers the correct connotation of the products image. It should also be qualified for legal protection

Brand Mark – Symbol or pictorial design that distinguishes a product

Labelling
- Label – branding component that carries an item’s brand name or symbol, the name and address of the manufacturer or distributor, information about the product and recommended uses
- A number of regulations control package labelling in Canada (Federal, provincial levels)
- Universal Product Code (UPC) – numerical bar code system used to record product and price information

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Learning Objective 04
Product Development Strategies

- **Market Penetration** – strategy that seeks to increase sales of existing products in existing markets
- **Product Development** – strategy that concentrates on finding new markets for existing products
- **Market Development** – strategy that concentrates on finding new markets for existing products
- **Product Diversification** – strategy that develops entirely new products for new markets

Marketers need to be concerned about cannibalization (loss of sales of existing products due to competition from a new product in the same line) when developing new products.

- **Consumer Innovators** – People who purchase new products almost as soon as the products reach the market.
- Characteristics of innovators – young, better educated, enjoy higher incomes, mobile, change jobs and addresses more frequently.

Learning Objective 05
Consumer Adoption Process

**Adoption Process** - stages that consumers go through in learning about a new product, trying it and deciding whether to purchase it again.

**Stages of the Adoption Process**
1. **Awareness** - individuals learn about the new product.
2. **Interest** – buyers begin to seek information about it.
3. **Evaluation** – consider the likely benefit of the product.
4. **Trial** – make trial purchases to determine its usefulness.
5. **Adoption/Rejection** – if the trial is satisfactory, will use the product.

**Adaptor Categories**

- Time of Adoption of New Product
- **Diffusion Process** – Process by which new goods or services are accepted in the marketplace.

**Rate of Adoption Determinants**

- **Relative advantage** – innovations that appears far superior to previous ideas that offer greater relative advantage.
- **Compatibility** – an innovation that is consistent with the values and experiences of potential adopters will attract a rapid rate of adoption.
- **Complexity** – the relative difficulty in understanding the innovation will reduce the rate and speed of adoption.
- **Possibility of trial use** – initial free, discounted trial opportunity will reduce the risk of financial or social loss.
- **Observability** – if the potential buyers can observe an innovation in a tangible form, the adoption rate increases.
New Product Development Process

**Organizing for New Product Development**

- **New Product Committees**
  - The development of the new product is centred on the functions of a new product committee
  - It is represented by different functions of the business
  - Decision making at times may be slower

- **New Product Departments**
  - Company establish separate, formally organized departments to generate and refine new product ideas
  - Innovation is carried out as a full time activity
  - Responsible for all phases of the process

- **Product Managers**
  - Product managers are usually responsible to manage the marketing functions of a product/brand
  - Product managers often lead new product development initiatives
  - They co-ordinate this with all other functions

- **Venture Teams**
  - Associates from different areas of an organization who work together in developing new products
  - They have to meet criteria related to return on investment
  - They do not disband after the completion of the project

**Product Safety and Liability**

- Product liability refers to the responsibility of manufacturers and marketers for injuries and damages caused by their products
- Product safety is controlled by laws that are administered by different government agencies
- The National Standards System and Standards Council of Canada specify technical specifications that products need to adhere to and are stipulated by law or on a voluntary basis

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The process begins with ideas from many sources.

They include suggestions from consumers, sales force, research and development specialist, competing products, suppliers, retailers and independent inventors.

Screening separates ideas with commercial potential from those that cannot meet company objectives.

Some organizations maintain checklists of development standards in determining whether a project should be abandoned or considered further.

Consists of assessing the new product's potential market, growth rate and likely competitive strengths.

Concept testing subjects the product idea to additional study prior to actual development.

It defines the target market needs, determines the financial and technical requirements.

The conversion process is the joint responsibility of the firm’s development engineers who turn the concept into a product, and marketers provide feedback on consumer reactions.

Financial outlays increase substantially as the firm converts the idea into a visible form.

The intention is to gauge consumer reaction.

The developed product and its associated marketing strategy is tested under normal competitive conditions.

It attempts to verify whether the product will perform well in a real life environment.

The stage where the product is available for full scale marketing.

It can expose the firm to substantial expenses.

It should establish marketing strategies, fund outlays, acquaint the sales force, intermediaries and potential customers with the new product.

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