**Chapter 4**

**BRANDING AND BRAND EQUITY**

### 4.1 INTRODUCTION

Through the application of marketing principles and practice, sport marketers should anticipate, manage and satisfy sports consumers’ wants and needs when marketing sport. They should strive to create and build awareness of a specific sports team, which should ultimately lead to loyal supporters. Sports teams’ brands should therefore be emphasised and marketed. According to Taylor (2003:22) the Springbok brand is by far South Africa’s most valuable rugby brand. Brand value is usually referred to as brand equity, and goes beyond assets associated with the organisation.

This chapter deals with branding and brand equity. First, the fundamentals of branding will be outlined, and then the concept and assets of *brand equity* are explained. The chapter concludes with a discussion of how marketers can build strong brands by following the steps in the strategic brand management process.
4.2 FUNDAMENTALS OF BRANDING

Sports marketing has become highly sophisticated in recent years, employing traditional packaged-goods techniques. For example, the soccer team, Manchester United or “Man U” as it is fondly known, is listed on the London Stock Exchange, and had a market capitalisation of US$466 million in 2000 (Adam & Adam, 2002:1). Because sports marketers are no longer content to allow win-loss records to dictate attendance levels and financial fortunes, many sports teams are being marketed through a creative combination of advertising, promotions, sponsorship, direct mail and other forms of communication. By building brand awareness, image and loyalty, sports commodities are able to meet ticket sales’ targets, regardless of what their team’s actual performance might turn out to be. Brand symbols and logos in particular have become important financial contributors to professional sports (Keller, 2003:28). It could thus be said that all aspects of branding and brand management can be applied to sports marketing.

When focusing on branding, one needs to elaborate on a few fundamental concepts. Firstly, the concept brand merits attention. A brand is a name, term, phrase, design, symbol, or any combination of these, chosen by an individual or company to distinguish a product from competing products (Bovée, Houston & Thill, 1995:247). However, marketers refer to a brand as being more than that, because it also creates a certain amount of awareness, reputation and
prominence in the marketplace (Weitz & Wensley, 2002:7). This is illustrated in figure 4.1.

**Figure 4.1  Fundamentals of branding**
Not only does a brand identify a product from competitors’ products, but it also differentiates it from competing products (Lamb, Hair, McDaniel, Boshoff & Terblanché, 2002:217). As illustrated in figure 4.1, the different components of a brand which identifies a product and distinguishes it from other products are referred to as *brand elements* (Keller, 2003:3). The various brand elements which are part of the fundamental aspects of branding, will be discussed next.

### 4.2.1 Brand Elements

Brand elements, also referred to as *brand identities*, are those trademarkable devices that serve to identify and differentiate the brand (Keller, 2003:175). Brand elements that identify and distinguish one product from another, are brand names and brand marks. A *brand name* is the portion of a brand that can be expressed verbally, including letters, words or numbers (Bovée *et al.*, 1995:247), and is any word or illustration that clearly distinguishes one seller from another. A brand name usually takes the form of words (Brassington & Pettitt, 1997:267), such as *The Sharks, Cats, Bulls* or *Stormers*.

A *brand mark* is a portion of a brand that cannot be expressed verbally. This includes a graphic design or symbol (Bovée *et al.*, 1995:247). The brand mark is thus the element of the visual brand identity that does not consist of words, but of a design and symbol (Brassington & Pettitt, 1997:268), such as the cat’s head of the *Cats* brand, or the leaping springbok of the national rugby brand. A *logo*, on
the other hand, is a unique symbol that represents a specific company, or a brand name written in a distinctive type style (Bovée et al., 1995:247).

According to Kotler (2003:420), a brand is essentially a marketer’s promise to deliver a specific set of features, benefits and services consistently to the consumer. The most successful brand emphasises features that are both important to consumers and quite different from those of competitors (Aufreiter, Elzinga & Gordon, 2003: 33). Brands therefore serve as significant communication functions and, in so doing, establish beliefs among customers about the attributes and general image of a product. Once a brand has been established, the brand name and trademark serve to remind and reinforce the beliefs that have been formed (Hoffman, 2003:261). To arrive at this point, organisations need to make certain decisions about branding. The various branding decisions are illustrated in figure 4.2.

**Figure 4.2 Branding decisions**

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Figure 4.1 illustrates the fundamentals of branding, which include the various brand elements and branding decisions. Figure 4.2 illustrates the various branding decisions, which are discussed next.

### 4.2.1.1 Branding Decision

As illustrated in figure 4.2, organisations may either decide to brand their products, or not, and stay with generic brands for the products. When marketers decide to select a brand, they should keep in mind that the brand is key to a product’s personality (Bovée *et al*., 1995:250). A brand needs to have consistent brand messages through all its uses. Thus, if the same brand name is used for an organisation, its retail outlets and own-label products, then the same message has to be communicated by each. This will need to be aligned with the organisation’s overall mission and strategy (Du Plessis, Jooste & Strydom, 2001:156). Hence considerable attention should also be focused on the selection of a brand name, because a product’s name is vital to the image of a company and its products (Longenecker *et al*., 1997:299). Kotler and Armstrong (2001:302) include the following qualities that marketers should take into consideration when selecting a brand name:

- the brand name should suggest something about the product’s benefits and qualities
- it should be easy to pronounce, recognise and remember
• it should be distinctive
• it should translate easily into foreign languages
• it should be capable of registration and legal protection

4.2.1.2 BRAND-SPONSOR DECISION

Once organisations have decided to brand their products, they should make a decision about the brand sponsor. As indicated in figure 4.2, organisations have several options for brand sponsorship. The product may be launched as a manufacturer brand, a distributor brand (also called private brand) or a licensed brand (Kotler, 2003:426). A manufacturer brand is a brand that is designated, owned and used by the manufacturer of the product. Because they are usually marketed nation-wide, manufacturer brands are often referred to as national brands (Bovée et al., 1995:249). The responsibility for the marketing of these brands lies in the manufacturer’s hands. The value of the brand is also the responsibility of the manufacturer, and if he or she succeeds in building a major brand, customer loyalty can be created (Jobber, 1998:211). As discussed in chapter 2, the commercial arm of SARFU, SA Rugby, owns and manages the Springbok brand. SAIL have shares in eight South African provincial rugby brands, and Super Sport International has shares in three South African provincial rugby brands (see section 2.2).
Secondly, a private or distributor brand, or own-label brand (Jobber, 1998:211) refers to a brand that is designated, owned and used by a wholesaler or retailer (Bovée et al., 1995:249). If associated with high-quality supplier control, private brands can provide consistently high value for customers and be a source of retail power as suppliers vie to fill excess productive capacity with manufacturing products for private brands (Jobber, 1998:211).

Finally, by means of a licensing agreement, for a licensing fee, a company may permit approved manufacturers to use its trademark on other products. This is referred to as a licensed brand strategy. The licensee is responsible for all manufacturing, selling and advertising functions and bears the costs if the licensed product fails (Pride & Ferrell, 1997:334). SA Rugby, for example, has an exclusive contract with Signet Licensing, which controls all the licensing and merchandising of the Springbok brand (Taylor, 2003:22).

4.2.1.3 BRAND-NAME DECISION

When an organisation has decided on the brand sponsor, the brand name should be the next consideration. From figure 4.2 it is evident that there are various strategies available for brand-name decisions, namely individual names, family names or corporate names (Kotler, 2003:429). An example of individual names is the various rugby brands belonging to SA Rugby (ie Cats, Bulls). The advantage of an individual-names strategy is that the company does not tie its
reputation to the products. Family names, on the other hand, are assigned to an entire line or mix or product items (Strydom et al., 2000:210). An example of family names is the Springboks (ie the South African national rugby team) and the Springbok Sevens (ie the South African national sevens team). In corporate names, organisations use their name as well as an individual brand name for products, for example, Kellogg’s Rice Crispies.

4.2.1.4 BRAND-STRATEGY DECISION

The final consideration in brand decisions is what brand strategy to follow. Brand-strategy decisions usually happen over time, as each brand develops further. Organisations can introduce line extensions, brand extensions, multibrands, new brands or cobranding.

Firstly, line extensions involve a successful brand name being used to introduce additional items in a given product category under the same brand name, such as new flavours, forms, colours, added ingredients or package sizes (Kotler & Armstrong, 2001:307). It is thus when an organisation introduces additional offerings with the same brand (Du Plessis et al., 2001: 156). A company might introduce line extensions as a low-cost, low-risk way to introduce new products in order to meet consumer desires for variety, to utilise excess capacity, or simply to command more shelf space from resellers (Kotler & Armstrong, 2001:307). For example, during the 2003 Rugby World Cup, the Springbok’s main sponsor,
Nike, launched the team’s new kit. These new Springbok branded jerseys were available to sports consumers at about R1 000 each (Van der Berg, 2003b:25).

Secondly, brand extensions apply when an existing brand name is assigned to a new product in the same product line or in a different product line (Bovée et al., 1995:252) – in other words, when a successful brand name is used to launch a new category (Kotler & Armstrong, 2001:308). Brand extensions are also new products that are marketed with the brand name of existing products, often in a different product category (Solomon & Stuart, 1997:349). A brand extension gives a new product instant recognition and faster acceptance. It also saves the high advertising costs usually required to build a new brand name. However, if brand extensions fail this may harm consumer attitudes towards the other products carrying the same brand name (Kotler & Armstrong, 2001:309). For example, the Natal Rugby Union has used their Sharks brand name in their retail outlets The Shark Tank, as well as in their magazine The Sharks Magazine (Anon, 2001b). The most common form of brand extensions is family branding (Bovée et al., 1995:252). A family brand name is used for all products. The goodwill attached to the family brand name benefits all brands and the use of the name in advertising helps the promotion of all of the brands carrying the family name (Jobber, 1998:221).

Another brand strategy option is multibrands. Multibrands are new brand names introduced in the same product category (Kotler & Armstrong, 2001:306).
Multibranding offers a way to establish different features and appeal to different buying motives. New brands follow on from multibrands. A company may create a new brand name when it enters a new product category for which none of the company’s current brand names is appropriate (Kotler & Armstrong, 2001:309). This is what SA Rugby did when they introduced regional teams, and the Stormers brand, for example, was introduced. Finally, co-branding refers to the practice of using the established brand names of two different companies on the same product (Kotler & Armstrong, 2001:305). Co-branding is the combination of two brands with complementary attribute levels and serves to have a better attribute profile in consumers’ minds (Weitz & Wensley, 2002:168).

According to Kotler (2003:418), branding is the art and cornerstone of marketing. It creates and communicates a three-dimensional character for a product that is not easily copied or damaged by competitors’ efforts (Brassington & Pettitt, 1997:265). Brands therefore have many benefits for all parties, as explained below.

4.2.2 THE BENEFITS OF BRANDING

Branding has numerous benefits for both consumers and marketers. Brands, on the one hand, help consumers to identify specific products that they do and do not like. This, in turn, facilitates the purchase of items that satisfy these consumers’ needs and reduces the time required to purchase the product.
Product selection would also be quite random without brands, because consumers would have no assurance that they were purchasing the product they preferred. Marketers, on the other hand, benefit from branding, because each brand identifies the organisation’s products. This makes repeat purchasing easier for consumers (Pride & Ferrell, 1997: 324). Hence branding has benefits for all parties involved in the exchange process. These benefits are illustrated in figure 4.3.

**Figure 4.3 The benefits of branding**

![Diagram showing the benefits of branding](image)

**Source:** Adapted from Brassington and Pettitt (1997:269)

However, branding may also have a negative effect. Consumers may begin to see too many alternatives. This can be risky because consumers may develop a perception that the differences between brands are imperceptible and they could
then become confused (Brassington & Pettitt, 1997:271). A good brand should therefore attract attention, be memorable, help communicate the positioning of the product and distinguish the product from competing brands (Hoffman, 2003:261). Although branding has become one of the most principal aspects of business strategy, many marketing managers contend that it is about the management of product image, when in fact it is not. It has therefore been argued that (Holt, 2002:1)

- branding is a strategic point of view, not a select set of activities
- branding is central to creating customer value, not just images
- branding is a key tool for creating and maintaining competitive advantage
- brand strategies must be incorporated into the marketing mix

Hence defining a brand involves emphasising its key benefits and attributes for consumers. To this end, marketers must recognise that a brand consists of more than a bundle of tangible, functional attributes; its intangible, emotional benefits together with its identity, frequently serve as the basis for long-term competition differentiation and sustain loyalty (Aufreiter et al., 2003:33). Owing to this, for many organisations, brands have become the primary drivers of growth (Clifton & Simmons, 2003:27) and are therefore valuable commodities. Coca-Cola, for example, is the world’s most valuable brand at US$70,45 billion, with Microsoft ranked second at US$65,17 billion (Anon, 2003b:1). According to Garrett
Manchester United is the most valuable sports brand in Europe, valued at US$259 million in 2000, and the second strongest sports brand in the world. The most valuable sports brand in the world in 2000 was the Dallas Cowboys football team, valued at US$274 million.

Brand valuation, however, is still a relatively new concept (Trevillion & Perrier, 1999:30). For marketers to value their brands, they need detailed information on the performance thereof, which includes an analysis of their performance in different market segments, financial analysis, an assessment of intangible earnings that can be attributed to the brands in each market segment (e also referred to as the role of branding) and a detailed assessment of the brand strength or equity in the market (Interbrand, s.a.: 9-10). This detailed process is briefly illustrated in figure 4.4, where it is evident that brand valuation cannot be calculated without determining the strength or equity of a brand. Brand valuation is thus a snapshot of future brand earnings taken at a point in time, and depends on an accurate prediction of future brand health, because it is based on forecast cash flows generated by the brand (see figure 4.4). The cash flow rate may fall or rise, depending on the strength of the brand in the market, or as it is also known, the equity of the brand in the market (Haigh, 2003:71).
One could thus conclude that brand equity is the differential effect of brand knowledge on customer response (Kohli & Leuthesser, 2001:3). The aim of this study is to determine the brand equity of the provincial, regional and national rugby teams of South Africa – hence for purposes of this study, only brand equity will be dealt with.
4.3 Brand equity

As illustrated in figure 4.1, brand equity is the result of customers’ response to their knowledge of a specific brand. Many contend that an organisation’s most important asset is its brand equity. This is substantiated by the fact that consumers will pay up to 30% more for a differentiated, quality brand which is a market leader (Blatch, 2002:23). Brand equity is the value of a brand related to the brand’s ability to attract future customers’ reliability (Solomon & Stuart, 1997:348). It generates value to the customer that can emerge as enhanced brand loyalty (Aaker, 1996:173). Brand equity is formally defined as a set of brand assets and liabilities linked to a brand, its name and symbol, which add to or subtract from the value provided by a product or service to an organisation and/or to that organisation’s customers (Sheth, Mittal & Newman, 1999:708). It is thus the overall strength of a brand in the marketplace and its value to the organisation that owns it.

The major asset categories of brand equity are brand loyalty, brand awareness, perceived quality and brand associations (Aaker, 1996:8). These categories are illustrated in figure 4.5 and will be dealt with in turn.
4.3.1 **BRAND AWARENESS**

Brand awareness refers to the strength of a brand’s presence in the consumer’s mind (Aaker, 1996:10). It is a measure of the percentage of the target market that is aware of a brand name (Bovée *et al.*, 1995:248). Marketers can create awareness among their target audience through repetitive advertising and publicity (Strydom *et al.*, 2000:388). Brand awareness can provide a host of competitive advantages for the marketer. These include the following (Aaker, 1996:174):
Brand awareness provides the brand with a sense of familiarity.

Name awareness can be a signal of presence, commitment and substance.

The salience of a brand will determine if it is recalled at a key time in the purchasing process.

Brand awareness is an asset that can be remarkably durable and thus sustainable. It may be extremely difficult to dislodge a brand that has achieved a dominant awareness level.

Organisations can create brand awareness by, firstly, having a broad sales base, and secondly, becoming skilled at operating outside the normal media channels (Aaker, 1996:16). A brand with high brand awareness and with positively distinguishing associations will have a high added value for consumers (Riezebos, 2003:249). Brand awareness is measured according to the different ways in which consumers remember a brand, which may include brand recognition, brand recall, top of the mind brand and dominant brand (Aaker, 1996:10-16):

Brand recognition. Brand recognition relates to consumers’ ability to confirm prior exposure to that brand when given the brand as a cue. It requires that consumers can correctly discriminate the brand as having been previously seen or heard.
o **Brand recall.** Brand recall relates to consumers’ ability to retrieve the brand from memory given the product category, the needs fulfilled by the category or a purchase or usage situation as a cue. It requires consumers to correctly generate the brand from memory when given a relevant cue.

o **Top-of-mind brand.** This is the brand name that first comes to mind when a consumer is confronted with the name of a product classification (Riezebos, 2003:72).

o **Dominant brand.** The ultimate awareness level is brand name dominance, where in a recall task, most customers can only provide the name of a single brand.

Customers need information to be able to choose between alternative brands (Strydom *et al.*, 2000:388). However, consumers are bombarded with increasingly more marketing messages. The challenge therefore facing marketers is to build awareness and presence both economically and efficiently (Aaker, 1996:174). According to Lamberti (2001:18), the Natal Rugby Union has been the most successful provincial union at creating a recognisable brand for its team, the Natal Sharks in 2000.

### 4.3.2 Perceived Quality

Brand equity creates and consistently delivers quality and value brands to consumers (Webster, 2002:2). The second asset category of brand equity, as
illustrated in figure 4.5, is perceived quality. Perceived quality is a brand association that is elevated to the status of a brand asset for various reasons, such as the following (Aaker, 1996:17-19):

- Perceived quality drives financial performance.
- Perceived quality is often a major strategic thrust of products.
- Perceived quality is linked to and often drives other aspects of how a brand is perceived.

Part of a consumer’s image of a brand is based on actual facts and experiences. However, another part of that image is based on perceptions born out of a product’s reputation, media coverage and other indirect sources of information (Bovée et al., 1995:248). A successful brand has a recognisable name which signals specific attributes to the consumer (Palumbo & Herbig, 2000:5).

Marketers can create perceived quality, by firstly, having an understanding of what quality means to customer segments; secondly, by having a supportive culture; and finally, having a quality improvement process that will enable an organisation to deliver quality products (Aaker, 1996:20).
4.3.3 Brand Loyalty

A brand is both a physical and a perceptual entity. The physical aspect of a brand can be found located in, say, retail outlets or in the delivery of a service. The perceptual aspect of a brand exists in a psychological space – in the consumer’s mind (Palumbo & Herbig, 2000:5). Brand loyalty refers to the level of commitment that customers feel towards a given brand, as represented by their continuing purchase thereof (Bovée et al., 1995:247). It is a form of repeat purchasing behaviour based on a conscious decision to continue buying a product with a particular brand or trademark (Solomon & Stuart, 1997:348). The ability to make a consumer repeatedly seek out and buy one brand over another is thus brand loyalty (Palumbo & Herbig, 2000:5), and forms the third brand equity asset.

There is often a difference between the loyalty of merely satisfied and completely satisfied customers. Moreover, it has been proven that any drop from total satisfaction results in a significant drop in loyalty (Strydom et al., 2000:389). An existing base of loyal customers provides sustainable competitive advantages for organisations which include the following (Aaker, 1996: 177-178):

- Since existing customers are usually relatively easy to hold, it reduces the marketing costs of doing business.
The loyalty of existing customers represents a substantial entry barrier to competitors.

A relatively large satisfied customer base provides an image of a brand as an accepted, successful, enduring product that will include service backup and product improvements.

Brand loyalty provides the time to respond to competitive moves.

Consumers vary in their loyalty towards a company or its brand names. Brand loyalty, or resistance to switching, can be based on simple habit or preference (Aaker, 1996:177). At one extreme one finds the consumers, known as switchers, who show no loyalty towards any brand. They can be attracted through frequent sales, but it may sometimes not be worth attracting them. Hard-core loyals, on the other hand, represent the consumers who are extremely loyal buyers. They insist on a particular brand, and go to great lengths to acquire it. Ideally they should be retained and, where possible, encouraged to become propagators of the business’s products and services, as suggested by the relationship marketing approach (Strydom et al., 2000:117).

Building brand loyalty involves continuing to serve a customer in a satisfactory way (Marconi, 1999: 71). Managing brand loyalty is thus a key to achieving strategic success, as well as brand equity. Companies that manage brand loyalty well are likely to do the following (Aaker, 1998a:178):
o Place a value on the future purchases expected from customers so that existing customers receive appropriate resources.

o Measure the loyalty of existing customers.

o Conduct exit interviews with those who leave the brand to locate points of vulnerability.

o Have a customer culture, whereby people throughout the company are empowered and motivated to keep the customer happy.

o Reward loyal customers with frequent-buyer programmes or special unexpected benefits or premiums.

o Make customers feel that they are part of the company (customer clubs).

o Have continuing communication with customers, using direct mail, the Web, toll-free numbers and a solid customer backup company.

The ultimate objective of marketing is to get customers to buy the company’s products again and again. Complete customer satisfaction is the key to securing customer loyalty and generating long-term financial performance (Strydom et al., 2000:389).

Product attributes and customer benefits are the associations that have obvious relevance because they provide a reason to buy and thus a basis for brand loyalty (Aaker, 1996: 175).
4.3.4 BRAND ASSOCIATIONS

High brand equity provides a company with many competitive advantages. A powerful brand does not only enjoy a high level of consumer brand loyalty and awareness (Kotler & Armstrong, 2001:302), but also has positive associations in consumer minds. Brand associations are perceptions and images that people link with particular brands (Bovée et al., 1995:248). A positive brand image is created by marketing programmes that link strong, favourable, unique and admirable associations to the brand in the consumer’s memory (Keller, 2003:70).

The associations attached to a company and its brands can therefore be key enduring business assets. A brand association is anything that is directly or indirectly linked in the consumer’s memory to a brand (Aaker, 1996: 175).

A brand represents the key to a product’s personality (Bovée et al., 1995:250). It also says something about the image of a company and its products (Longenecker et al., 1997:299). For marketers to create the right brand identity, brand meaning, brand responses and brand relationship can be a complicated and difficult process (Keller, 2003:75).

When marketers focus on creating positive brand awareness in the minds of consumers, they should keep in mind that, although product-attribute associations can be powerful (especially if a brand has a key attribute), the
associations can fail to differentiate because there is a tendency for all brands to position according to the most important product attributes. Furthermore, an advantage on a product attribute is an easy target that is likely to be copied or eventually surpassed. Finally, a strong product-attribute association limits brand extension options and thus the strategic flexibility of the brand (Aaker, 1996: 175).

It is thus true that building strong brands and establishing brand equity is becoming increasingly challenging (Leone, 1996:1). Strong brands therefore go beyond product attributes and differentiate on brand associations, such as the following (Aaker, 1998b: 175):

- **Company associations.** Focus on attributes of the organisation rather than attributes of the product or service.
- **Brand personality.** Uses the brand-as-person metaphor to help communicate a brand and its relationships to customers.
- **Symbols.** Provide cohesion and structure to a brand and make it much easier to gain recognition and recall.
- **Emotional benefits.** Relate to the ability of a brand to make the buyer or user feel something during the purchase process or use experience.
- **Self-expressive benefits.** Reflect the ability of the purchase and use of a brand to provide a product for a person’s personal expression.

Marketers should keep in mind that brand associations can also be negative and thus detract from a brand’s equity (Bovée *et al.*, 1995: 249).

A key step in creating and managing a brand asset is to determine the brand’s identity – in other words, the associations that the brand aspires to represent. The process of creating a brand identity overlaps significantly with the development of a business strategy because future investments and points of differentiation for the companies will drive the perceptions of the brand. Conversely, it is self-defeating to aspire to a brand image if the company is unwilling and/or unable to back up the vision with a plan and funds (Aaker, 1996:177).

The brand, and its image and equity all allow the customer to perceive a promise of value (Webster, 2003:1). Marketers should therefore build strong brands to ensure that the right message is conveyed to the consumer. In so doing, marketers can accomplish the following:
o ensure identification of the brand with customers and an association of the brand in the customers' minds with a specific product class or customer need

o establish the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations with certain properties

o elicit the proper customer response to this brand identification and brand meaning

o convert brand response to create an intense, active loyalty relationship between customers and the brand

Although print and broadcast media have played a huge role in building strong brands, other forces are now coming into play (Kotler, 2003:434). Factors such as customer service, and the relationship that the organisation has with its customers are all part of the brand (Webster, 2003:1). This is why many industries have started to focus on branding and brand equity (Leone, 1996:1). Some organisations have actually appointed other entirely different companies to focus on brand management to ensure that the right message is communicated to consumers through all communication mediums. Other companies manage their brands themselves, by means of effective brand management. This will be dealt with below.
4.4 BRAND MANAGEMENT

According to Nilson (1999:viii), competitiveness is the key to business success, and strong brands can make the difference between success and failure. A brand is often a company’s most valuable asset because it provides customers with a way of recognising and specifying a particular product if they want to choose it again or recommend it to others. A brand also enables marketers to develop specific images and interrelated marketing strategies for a particular product (Bovée et al., 1995:247).

Establishing brand value begins with creating brand awareness (Marconi, 1999:39). Brand-related marketing activities should therefore focus on building brand awareness (Kelly et al., 1999:472). This can be achieved by following the stages in the strategic brand management process. Strategic brand management involves the design and implementation of marketing programmes and activities to build, measure and manage brand equity (Keller, 2003:44). This process is illustrated in figure 4.6 and will now be discussed.
4.4.1 IDENTIFYING AND ESTABLISHING BRAND POSITIONING AND VALUES

The strategic brand management process begins with the identification and establishment of the position of the brand. Marketers can only identify and establish brand positioning and value if they, firstly, determine customer-based brand equity (CBBE), and secondly, establish brand positioning and values (Keller, 2003:59). This is illustrated in figure 4.7 and is the next topic of discussion.
Each one of these steps will now be discussed in detail.

4.4.1.1 **CUSTOMER-BASED BRAND EQUITY (CBBE)**

Brand image is the personality of a brand and brand equity the worth of that image and its strength as judged by its ability to remain unaffected by temporary changes in any of the comprising factors (Anon, 2001a:1). To enable marketers to determine what exactly makes a brand strong and how one should build a strong brand, the customer-based brand equity model (CBBE) was introduced. The CBBE model approaches brand equity from the consumer's perspective. Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable and
unique brand associations in his or her memory (Keller, 2003:67). It reflects the greater confidence that consumers place in the brand than they do in competing brands. This confidence then develops into customer preferences for the brand, brand loyalty and even a willingness to pay a premium price for the brand (Seth et al., 1999:709). Customer-based brand equity is defined as the differential effect that brand knowledge has on consumer response to the marketing of that brand (Keller, 2003:60). The CCBE model formulates a series of steps for building a strong brand, namely:

- establish the proper brand identity
- create the appropriate brand meaning
- elicit positive brand responses
- forge strong brand relationships with customers

From the perspective of the CBBE model, the first step in building a strong brand is to establish the proper brand identity. Here, brand knowledge is the key, because it creates the differential effect that drives brand equity. Marketers therefore need to establish how brand knowledge exists in the consumer’s memory. Brand knowledge can be characterised in terms of two components, namely brand awareness and brand image (Keller, 2003:66). As stated above, brand awareness refers to the strength of a brand’s presence in the consumer’s mind (Aaker, 1996:10). Brand image is a subjective mental picture of a brand shared by a group of consumers (Riezebos, 2003:63). For example, the sports
marketers of the Springbok team could establish the brand identity by asking consumers questions such as: “What comes to mind when you think about the Springbok team?”

By gathering information on customers’ awareness of and associations with a brand, marketers can go to the next step of building and managing strong brands, namely creating a proper brand meaning. This can be done in the form of a diagram, as illustrated in figure 4.8, where the associations that consumers have expressed for a particular product (in this instance the Springbok team) can be plotted to enable marketers to see what their brand image is.

**Figure 4.8  Possible Springbok Rugby associations**
When possible brand associations have been established, marketers need to elicit positive brand responses, which in this instance might be the fact that the team were former world champions, have been around for many years and are truly South African. By using these positive brand responses, marketers can now forge strong brand relationships with customers, by emphasising and communicating these responses, and convincing consumers that there are in fact significant differences between the various rugby brands.

Hence for brand strategies to be successful and brand equity to be created, consumers must be convinced that there are meaningful differences between brands in the product service or category. In so doing, they establish a high level of brand awareness and positive brand image in the consumer’s memory, which produces the knowledge structures that can affect consumer response and lead to different types of CBBE. CBBE occurs when the consumer has a high level of awareness of and familiarity with the brand and holds some strong, favourable and unique brand associations (Keller, 2003:67). As stated above, marketers need to convince consumers that there are in fact differences between brands and thus create brand equity. As discussed in section 4.3, the asset categories of brand equity are briefly the following (Hollensen, 2003:470):

- **Brand awareness.** Brand names attract attention and convey images of familiarity. Marketers can determine how large a percentage of the customers know the brand name.
o *Brand loyalty*. In brand loyalty, consumers are encouraged to buy a particular brand time after time and remain insensitive to competitors’ offerings.

o *Perceived quality*. Perceived means that the customers, not the company, decide upon the level of quality, and marketers need to determine what that level of quality is.

o *Brand association*. Brand association refers to the values, personality and admirable qualities linked to the brand (as illustrated in figure 4.8).

By focusing on the various sources of brand equity (see section 4.5), marketers can convince consumers that there are significant differences between brands. If brand associations in the minds of consumers have been determined, marketers can position their brand accordingly, as discussed in the section below.

### 4.4.1.2 Brand positioning and values

The first step in managing brands, is to identify and establish brand positioning and values. During this stage, marketers need to first determine customer-based brand equity (see section 4.4.1.1), and then determine brand positioning and values.

Keller (2003:44) defines brand positioning as the act of designing the company’s offer and image so that it occupies a distinct and valued place in the target
customer’s mind. The way consumers perceive brands is a key determinant of long-term business-consumer relationships (Louw & Lamb, 2000:20). Brand positioning often involves a specification of the appropriate core brand values and brand mantra or brand essence. Core brand values refer to attributes and benefits that characterise a brand, while brand mantra refers to the principal aspects of a brand and its core brand values (Keller, 2003:45).

Competitive brand positioning means that marketers create brand superiority in the minds of consumers (Keller, 2003:45). According to the CBBE model, deciding on a positioning requires determining a frame of reference (i.e. by identifying the target market and nature of competition) and the ideal points-of-parity and points-of-difference brand associations. Determining the proper competitive frame of reference depends on an understanding of consumer behaviour and the consideration sets that consumers adopt in making brand choices. Point-of-difference brand associations are those associations unique to the brand that consumers also hold strongly and evaluate favourably. Determining point-of-difference associations that are strong, favourable and unique is based on desirability and deliverability considerations, which are combined to determine the resultant anticipated levels of sales and costs that might be expected with the positioning. Points-of-parity brand associations, on the other hand, are those associations that are not necessarily unique to the brand but may in fact be shared with other brands. Consumers regard category point-of-parity associations as being necessary to be a legitimate and credible
product offering within a certain category. Competitive point-of-parity associations designed to negate competitors’ point of differences. Deciding on these four ingredients will then determine the brand positioning and dictate the desired brand knowledge structures (Keller, 2003:159).

Once the brand’s position has been established, the brand value should be established. Customers’ perception of strong, successful brands comprise several different value dimensions. According to Nilson (1999:73-74), marketers should therefore keep two fundamental facts about brand values in mind. Firstly, successful brands are built on a combination of product benefits, which might include tangible or intangible values, and secondly, depending on the product, a few or many value dimensions are of importance to the customer.

Once marketers have established brand equity from the consumer’s perspective, and positioned their brands accordingly, brand marketing programmes should be planned and implemented, as explained in the next section.

4.4.2 PLANNING AND IMPLEMENTING BRAND MARKETING PROGRAMMES

The second step in the strategic brand managing process is planning and implementing brand marketing programmes. Building brand equity requires creating a brand of which consumers are sufficiently aware and with which they
have strong, favourable and unique brand associations. This knowledge-building process depends on the following two factors (Keller, 2003: 45):

(1) the initial choices of the brand elements or identities making up the brand

(2) the marketing activities and supporting marketing programme and the manner in which the brand is integrated into them (designing marketing programmes to build brand equity)

Each of these factors will now be discussed.

4.4.2.4 DECISIONS RELATING TO BRAND ELEMENTS

Brand elements, also known as *brand identities*, are those trademarkable devices that serve to identify and differentiate the brand (Keller, 2003:175). The main brand elements include brand names, logos and symbols (see section 4.2.1). Although brand elements were discussed in detail in section 4.2.1, marketers need to constantly manage the elements of brands. Marketers should keep in mind that they have six criteria when choosing brand elements. Firstly, brand elements can be chosen to be inherently memorable, both in terms of brand recall and recognition. Secondly, brand elements can be chosen to be inherently meaningful so that they convey information about the nature of the product category or particular attributes and benefits of a brand, or both. The
brand element may also reflect brand personality, user or usage imagery, or feeling for the brand. Thirdly, the information conveyed by brand elements does not necessarily have to relate to the product alone and may simply be inherently appealing or likeable. Fourthly, brand elements can be chosen to be transferable within and across product categories and across geographic and cultural boundaries and market segments. Next, brand elements can be chosen to be adaptable and flexible over time. Finally, brand elements must be chosen that are legally protectable and, as far as possible, competitively defensible.

4.4.2.2 Marketing activities

Brand managers have found that communication through traditional mass media has been ineffective, inefficient and costly. As a result these organisations have long relied on alternative channels to create brand awareness, convey brand associations and develop loyal customer bases (Joachimsthaler & Aaker, 1997:1). New approaches, such as relationship marketing, mass customisation, aftermarketing and loyalty programmes can help marketers to design marketing programmes (Keller, 2003:271).

Thus far the various strategies and approaches on how to build and maintain brand equity have been discussed. The way in which marketers should develop measurement procedures to manage brand equity is the next topic of discussion.
4.4.3 MEASURING AND INTERPRETING BRAND PERFORMANCE

The strategic brand management process consists of four steps, of which the first is the establishment of brand positioning and value, and the second, the planning and implementation of brand marketing programmes. The third step entails measuring and interpreting brand performance. The CBBE model, which was discussed in the first step (see section 4.4.1), provides guidance on how brand equity can be measured. Given that CBBE is defined as the differential effect that knowledge about the brand has on consumer response to the marketing of that brand, there would seem to be two basic approaches to measure brand equity. An indirect approach could assess potential sources of CBBE by identifying and tracking consumers’ brand knowledge structures. A direct approach, on the other hand, could measure CBBE by assessing the actual impact of brand knowledge on consumer response to different elements of the marketing programme. These two approaches are complementary and both can be employed by marketers. This means that for brand equity to provide a useful strategic function and guide marketing decisions, marketers need to fully understand the sources of brand equity (as discussed in section 4.3).

However, before the various methods used to measure sources of outcomes of brand equity can be discussed, it is necessary to explain the development of a brand equity measurement and management system.
4.4.3.1 DEVELOPING A BRAND EQUITY MEASUREMENT AND MANAGEMENT SYSTEM

Brand equity is the overall strength of a brand in the marketplace and the value it has for the company that owns it. It is composed of brand loyalty, brand awareness, perceived quality and brand associations (Bovée et al., 1995:247). A brand with strong brand equity is an extremely valuable asset. However, measuring the actual equity of a brand name is difficult (Kotler & Armstrong, 2001:302). A brand equity measurement system is a set of research procedures designed to provide timely, accurate and actionable information on brands to enable marketers to make the best possible tactical decisions in the short run and strategic decisions in the long run (Keller, 2003:389).

To understand the effects of brand marketing programmes, it is imperative to measure and interpret brand performance. According to De Chernatony (2001:147), brands are more likely to thrive when they are managed from within organisation cultures which support the brand’s vision. A useful tool in evaluating brand performance is the brand value chain (Keller, 2003:390). This chain traces the value-creation process for brands to better understand the financial impacts of brand marketing expenditures and investments, and also helps to direct marketing research efforts. It is a structured approach of assessing the sources and outcomes of brand equity and the way in which marketing activities create brand value. It also recognises that numerous individuals in an organisation, as
well as the organisation culture, can potentially affect brand equity (De Chernatony, 2001:146).

The brand value chain has several basic premises. Fundamentally, it assumes that the value of a brand ultimately resides with customers. The brand value-creation process begins when an organisation invests in a marketing programme targeting actual or potential customers. The marketing activity associated with the programme then affects the customer mindset with respect to the brand. This mindset, across a broad group of customers, results in certain outcomes for the brand in terms of how it performs in the marketplace. Finally, the investment community considers this market performance and other factors such as replacement cost and purchase price in acquisitions in order to make an assessment of shareholder value in general and determine a value for their brand in particular.

The brand value chain is illustrated in figure 4.9. The model also assumes that a number of linking factors intervene between the various stages. These linking factors determine the extent to which value created at one stage transfers or multiplies to the next. Three sets of multipliers moderate the transfer between the marketing programme and the subsequent three value stages. They are as follows (Keller, 2003:391):
(1) *The programme multiplier.* The programme multiplier refers to clarity, relevance distinctiveness and consistency of the quality of the marketing programme.

(2) *The marketplace multiplier.* This refers to competitor reactions, channel support, customer size and profile.

(3) *The investor multiplier.* The investor multiplier refers to market dynamics, growth potential, risk profile and brand considerations.

**Figure 4.9  The brand value chain**

![Figure 4.9  The brand value chain](image)

*Source:* Adapted from Keller (2003:391)

Another implication for building and managing brands is that the organisation should recognise that any brand decisions must balance the needs of consumers with those of staff and stakeholders (De Chernatony, 2001:146-147). According
to the brand value chain, sources of brand equity arise from the customer mindset. In general, measuring sources of brand equity requires the brand manager to fully understand how customers shop for and use products and, most importantly, what customers know, think and feel about various brands. In particular, measuring sources of CBBE requires measuring various aspects of brand awareness and brand image that can potentially lead to the differential customer response that creates brand equity (Keller, 2003:466). According to Moodie (2003a:1) the Springbok brand has lost value because of the team’s prolonged losing streak over the period 1999 to 2003.

Understanding the current and desired brand knowledge structures of consumers is vital to build and manage brand equity effectively. According to the brand value chain, sources of brand equity arise from the customer mindset, and it is therefore essential to use the various measuring sources of CBBE in the measurement of brand equity. Measuring sources of brand equity will be discussed below.

4.4.3.2 MEASURING SOURCES OF BRAND EQUITY

A brand with strong brand equity is an extremely valuable asset. However, measuring the actual equity of a brand name is difficult (Kotler & Armstrong, 2001:302). This process requires answering the question: “How much more value does the product have with the brand name attached” (Lehmann & Winer,
Marketers have used various methods, such as, equalisation price, brand attributes, price premiums, stock price analysis, replacement cost and brand loyalty analysis to determine brand equity (Hollensen, 2003:469-470).

The value of a brand cannot be measured precisely, but it can be estimated roughly (Aaker & Joachimsthaler, 2000:16). There are thus many different ways to uncover the types of associations linked to the brand and their corresponding strength, favourability and uniqueness. Qualitative research techniques are often used to identify possible brand associations and sources of brand equity. Qualitative research techniques are relatively unstructured measurement approaches permitting a range of possible consumer responses (Malhotra, 2004:39). Qualitative research is often a useful first step in exploring consumer brand and product perceptions (Keller, 2003:432).

As mentioned earlier, there is no simple measure of brand equity (Haigh, 2003:73). Whereas qualitative research typically elicits some type of verbal response from consumers, quantitative research typically employs various types of scale questions so that numerical representations and summaries can be made. Quantitative measures of brand knowledge can be employed to better assess the depth and breadth of brand awareness, the strength, favourability and uniqueness of brand associations, the valence of brand responses and feelings and the extent and nature of brand relationships. Quantitative measures are often the primary ingredient in tracking studies that monitor brand knowledge.
structures of consumers over time. The following are quantitative techniques to determine brand awareness (Keller, 2003:466):

- **Direct and indirect measures of brand recognition.** During direct and indirect measures of brand recognition, respondents are required to discriminate between a stimulus, which might be a word, object or image, as something they have previously seen. These techniques were not applied in this study.

- **Aided and unaided measures of brand recall.** Brand recall relates to consumers' ability to identify the brand under a variety of circumstances. In brand recall, respondents must retrieve the actual brand element from memory when given some related probe or cue. Rugby supporters’ unaided awareness of the various South African rugby brands was explored in this research study (see table 5.1 and annexure A).

Qualitative research techniques are a means to identify possible brand associations (Malhotra, 2004:39). These techniques are also a means to better approximate the breadth and depth of brand awareness, the strength, favourability and uniqueness of brand associations, the favourability of brand responses and the nature of brand relationships. Because of their unstructured nature, qualitative measures are especially well suited to provide an in-depth glimpse of what brands and products mean to consumers. To obtain more precise and generalisable information, however, quantitative scale measures are
typically employed (Keller, 2003:467), which was the case in this study (see section 5.2.8.3 and annexure A).

A brand equity measurement system is defined as a set of research procedures designed to provide sports marketers with timely, accurate and actionable information on brands, to enable them to make the best possible tactical decisions in the short run as well as strategic decisions in the long run – hence the importance of maximising and sustaining brand equity.

The measurement technique used to determine the brand equity of the provincial, regional and national rugby teams of South Africa in this study, is discussed in detail in chapter 5 (see section 5.2.8.3). Growing and sustaining brand equity will be discussed below.

4.4.4 GROWING AND SUSTAINING BRAND EQUITY

Strong brand leadership positions can be obtained through the skilful design and implementation of marketing programmes that capitalise on a well-conceived brand positioning. Maintaining and expanding on that brand equity, however, can be quite challenging. Brand equity management concerns those activities that take a broader and more diverse perspective of the brand’s equity. Managing brand equity involves managing brands within the context of other
brands, and over multiple categories, over time, and across multiple market segments (Keller, 2003:48).

An organisation’s branding strategy provides general guidelines on which brand elements it chooses to apply across the products it offers. Two main tools in defining the corporate branding strategy are the brand-product matrix and the brand hierarchy. The brand-product matrix is a graphic representation of all the brands and products sold by the organisation, while the brand hierarchy reveals an explicit ordering of brands by displaying the number and nature of common and distinctive brand components across an organisation’s products. By capturing the potential branding relationships between the different products sold by an organisation, a brand hierarchy is a useful means to graphically portray an organisation’s branding strategy.

4.5 CONCLUSION

The power of a brand lies in what resides in the minds of customers (Keller, 2003:59). Although brands may represent invaluable intangible assets, creating and nurturing a strong brand poses considerable challenges. Fortunately, the concept of brand equity can provide marketers with a valuable perspective on strategies and tactics for their brands. Fundamentally, the brand equity concept stresses the importance of the role of the brand in marketing strategies.
In this chapter the fundamentals of branding were discussed. The concepts of brand equity, and the asset categories involved were covered in detail. The chapter concluded with an in-depth explanation of how to build and maintain brands. The next chapter deals with the research methodology applied in this study.