



1402782395

**THE STRATEGIC IMPLICATIONS OF CLARIFYING
HOW MARKETERS INTERPRET "BRANDS"**

**Dr Leslie DE CHERNATONY
Lecturer in Marketing
Cranfield School of Management
Cranfield Institute of Technology
Cranfield
Bedford
MK43 OAL**

**Ms Gil McWILLIAM
Lecturer in Marketing &
Product Innovation
The Management School
Imperial College
53 Princes Gate
London SW7 2PG**

Paper submitted to Journal of Marketing Management

School Working Paper SWP39/89

Copyright: De Chernatony and McWilliam 1989

Abstract

There appears to be confusion about the interpretation of the term "brand" which can lead to ineffective branding strategies. This paper synthesises the meaning of "brand", describes a procedure for understanding what type of brand an organisation has and describes branding strategies appropriate for each typology. It opens by reviewing the evolution and rationale for manufacturer brands and distributor brands. Criteria to decide between being a manufacturer's brand or supplying distributor brands are addressed. To follow either of these routes the organisation must clarify its understanding of the brand asset and four broad interpretations are discussed. There would appear to be two key components characterising brands and through the use of a two dimensional matrix, a method to identify the type of brand and guide brand strategy development is presented.

INTRODUCTION

With the top 4 grocery retailers controlling an estimated 50% of packaged grocery sales in 1988 (The Grocer 1989), branded goods manufacturers are having to develop extremely well thought out strategies to maintain their shelf presence. The rise of trade marketing programmes is one response to the increasingly concentrated retailing environment, along with a greater awareness of the high esteem that consumers have for distributors brands. The more favourable attitude amongst consumers towards distributor brands (ie "own labels", "own brands", "private label") is making brand manufacturers realise that they are not competing against a poor quality, cheaper product (Hurst 1985), but instead they are having to battle against a similar, if not better quality item which has built up a considerable amount of goodwill amongst a significant proportion of consumers. In the current political climate, it is unlikely that Government lobbying about increasing retailer concentration will have much effect. Branded goods' manufacturers best course of action will therefore be to fully understand what assets they have in their brands, audit the competitive environment and then starting from the first premise of "should we market our own brands or supply distributors brands?", develop appropriate brand strategies making it explicit what the organisation understands by the term "brand". This paper reviews the evolution of the major brand typologies (manufacturers' vs distributors' brands), considers the rationale for being either a brands manufacturer or a distributor supplier, clarifies the different meanings of the term "brands" and then shows how effective brand strategies can be developed which are consistent with a particular interpretation of brand. These strategic directions are described using a newly developed "brands box" concept. This should help marketing management to appreciate what type of brand they have and hence what type of brand strategy they should develop.

THE ADVENT OF MANUFACTURER CONTROLLED BRANDS

The early half of the nineteenth century was characterised by groceries being sold as commodity items. These would typically be produced by small manufacturers supplying a locally confined market. Quality levels of similar products varied between retailers, who frequently blended several suppliers produce. However the industrialisation of society, improved transportation and the growth of urban populations presented sales opportunities to manufacturers who increased their production capability. At the same time though, the widening separation between producer and consumer led to the increasing importance of wholesalers. They had a major role influencing manufacturers production and were able to dictate terms and strongly influence the product range of retailers. An indication of the importance of wholesalers can be seen from Jefferys (1954) estimate that by 1900 they were the

prime suppliers to independent retailers who accounted for 90% of retail sales. Increasingly large investments in production facilities made some manufacturers anxious about their reliance on wholesalers and they started to develop ways of reducing this threat. The larger manufacturers (eg Cadburys) started to differentiate their products by printing a name on their packaging, advertising directly to consumers and employing their own sales staff to deal directly with retailer. Quality standards were established and consumers were able to ask for types of product by name, knowing that a reliable quality level was being purchased. Thus brands first appeared as a response to distributor power. They were not differentiated from other competing commodities just by virtue of a name, but rather by establishing a closer contact with the consumer that strove for recognition of a consistent quality level. It is important to realise that branding in its infancy was primarily concerned with guaranteeing quality levels. As this paper later shows, the maturity of branding resulted in a more sophisticated approach that sought to communicate added values, and establish the idea of brands as personalities.

AN ALTERNATIVE APPROACH TO BRANDING - DISTRIBUTOR BRANDS

To appreciate how distributor brands (also called own label, private label) evolved, one must again recognise the changing nature of the retailing environment. Jefferys (1954) estimated that around the 1870's multiple retailers (ie those owning 10 or more outlets) emerged, each having an own label range. Developing stores such as Home & Colonial, Lipton and International Stores undertook the wholesaling function themselves, breaking down bulk and branding almost as an incidental part of the process (Economist Intelligence Unit, 1968). Initially many of the major multiple retailers produced their own labels (Henley Centre for Forecasting, 1982). As Lennon (1974) reported, multiple retailers originally, owned their own butter creameries and manufactured their own margarines. They tended to concentrate upon supplying and processing basic grocery items and realised that their production was limited by the complexity of items and the significant costs of production facilities. It thus became more prevalent for multiple retailers to commission manufacturers to produce their own label items which were packaged to the retailers' specifications.

It should not be thought that distributor brands were the sole domain of the multiple retailers. From the 1950's multiple retailers started to grow and, as a means of protecting themselves, some independent retailers joined together and collaborated with specific wholesalers in symbol/voluntary groups (eg Spar). In this manner they were able to achieve more favourable terms from manufacturers (Oliver, 1986) and

introduced their own distributor brands to protect their customer base. A once powerful force, the Co-op, with its not insignificant farming and processing plants has a long history of marketing its Co-op brands (albeit with a variety of brand names).

Fulop (1964) noted that before World War II, distributor brands accounted for 10-15% of multiples' total sales, but with multiple retailers only accounting for 17% of food sales (Jefferys, 1954), the overall importance of distributor brands was far exceeded by manufacturers' brands. During World War II distributor brands were withdrawn and reintroduced during the 1950's. The arrival of self service and the abolition of resale price maintenance in 1964 gave a boost to distributor brands. With margins shrinking in a price cutting environment, distributor brands enabled the retailer to compete and to have a shielding effect against diminishing margins through the lower purchase prices that retailers obtained.

The ever increasing growth of the multiple retailer saw the greater importance of distributor brands, with the Institute of Grocery Distribution estimating that in 1988 distributor brand penetration was 33% and should continue to rise to 35% by 1990. This is in a retailing environment where multiple retailers have seen their share of the packaged grocery market grow from 58% in 1978 to 71% by 1986 and the independents have fallen from 27% to 17% in the same period, with the Co-op declining from 15% to 11% (Institute of Grocery Distribution estimates)

THE RATIONALE FOR MANUFACTURERS' AND DISTRIBUTORS' BRANDS

Manufacturers invest effort in branding for a variety of reasons. If the manufacturer has registered a trademark (ie some identifying brand name or symbol), its legally protected right to an exclusive brand name enables it to establish a unique identity, reinforced through its advertising, and increases the opportunity of attracting a large group of repeat purchasers. Good brands aid in building a corporate image and hence reduce the cost of new line additions carrying the family brand name (Kotler, 1988). Retailers, as Craven and Woodruff (1986) observed, are more likely to take new brands from manufacturers with a history of strong branding. Hawes (1982) notes that branding enables the marketing of different brands in the same product field which appeal to different benefit seeking segments. By developing a sufficiently differentiated brand that consumers desire, a higher price can be charged (particularly if price comparisons are reduced due to perceived brand distinctiveness) and a higher level of profit may result. Evans and Berman (1982) believe that a manufacturer with a strong brand has greater control when dealing with distributors.

As evidence of this Jarrett (1987) discussing the strength of the Kellogg brands stated:

"The only discount available to our customers are those shown on our price list, and all those discounts relate to quantity bought and prompt payment. There is no possibility of special deals, just to those customers who stock private label"(p12).

In view of the pressures facing brand manufacturers from the increasingly powerful multiple retailers, such a comment is indeed surprising.

Retailers, as O'Dochartaigh (1974) and Cravens and Woodruff (1986) point out, see strong brands as important since through manufacturers' promotions, a faster turnover of the retailers' stock results. This point was also made by once Assistant Managing Director of Sainsbury (Davis, 1983). Retailers see manufacturers' brands as being important since they offer profit opportunities (eg Johnston, 1982). Another benefit to retailers from stocking strong brands is that the positive image of the brands enhances the store image (Jacoby and Mazursky, 1984; Arnold et al, 1983).

Consumers see brands as devices to make shopping a less time consuming experience (Hawes, 1982). Brands provide a consistent guide to quality (eg Holstius and Paltschik, 1983) along with reliability and consistency (eg Randall, 1985) and enable consumers uncertain about the outcome of their buying decision to be more confident (Roselius, 1971). Brands also satisfy status needs (Market Behaviour Ltd, 1985).

From the distributors' perspective, the presence of a distributor brand range means they have greater control and achieve margins that usually exceed those from manufacturers' brands (Simmons and Meredith, 1983). One estimate (Euromonitor, 1986) quantified the profit margin as being at least 5% more than the equivalent branded item. The distributor brands are positioned to represent good value for money (Martell, 1986) and are an effective device to reinforce the store image-building process. With a strong distributor brand range, retailers can rationalise their product range (Thermistocli & Associates, 1984) and take advantage of the resulting cost savings.

Some of the reasons why manufacturers undertake to become suppliers of distributor brands are:

- economies of scale through raw material purchasing, distribution and production
- any excess capacity can be utilised
- it may provide a base for expansion
- substantial sales may accrue with minimal promotional or selling costs
- it may be the only way of dealing with some retailers (eg Marks and Spencer)
- if an organisation does not supply distributor brands, their competitors will, possibly strengthening the competitors' cost structure and trade goodwill.

Consumers benefit from distributors' brands, through the lower prices being charged. Consumers are becoming considerably more confident with distributors brands (de Chernatony, 1988) and no longer see them as a "cheap and nasty", weak alternative to manufacturers brands (King, 1985), but rather as a realistic alternative.

DEVELOP A MANUFACTURER'S BRAND OR SUPPLY A DISTRIBUTOR'S BRAND?

Thus recognising the two broad alternatives available to a manufacturer, there needs to be a sound rationale supporting a particular branding route. In an era of manufacturer dominance, it would have been virtually a foregone conclusion to follow a manufacturer's brand strategy. Today, in a climate where retailers have more power, far more thought needs to be given to this question. While manufacturers may have a production advantage, accruing from experience effects and economies of scale, retailers are rapidly enhancing their distribution and marketing skills through information technology that not only controls and optimises the correct product mix, but which also helps them better understand their customer profiles and changing customer needs.

To evaluate which route to follow, the Marketing Director would need to establish the value of having a manufacturer's brand and the costs required to sustain a brand. Provided the costs are exceeded by the benefits (eg the price premium above being a distributors brand), the alternative with the better profitability over a long time horizon, would be worthy of further consideration. However, when considering the cost of a brand, an organisation should not take a myopic perspective on brand costs

by just considering materials, R&D, media and sales force costs, but other costs such as brand management, market research and logistics implications from range complexity also need to be taken into account.

To cover cost though a manufacturer must meet a minimum production quantity and if a potential manufacturer's brand cannot achieve a sufficient volume of sale, the producer needs to consider likely sales levels from supplying distributor's brand.

If the organisation finds that critical production levels can be met from either strategy and that there is only a small difference in profitability between alternatives, the manufacturer should consider whether there are any unique benefits that consumers particularly value in the brand, which have not been exploited (and for which a premium can be charged). The recent thrust of Castrol GTX provides a suitable example. Many of the competing oil brands promoted their R&D investment, yet Castrol developed a more convenient form of packaging to help pour measured quantities more easily.

Should the organisation be unable to develop further consumer benefit propositions, they should analyse the value chain (Porter, 1985) to identify where there is scope for developing a competitive advantage. This may be found, as Davis (1985) shows, through better raw material sourcing (eg Nestle coffee) or from production systems (eg Mars) or from emotional values sustained from advertising (eg Heineken).

The manufacturer also need to understand consumer behaviour and by focusing upon those factors that influencing buying (eg changing attitudes to the branding source), assess future implications for branding strategies.

Should such a detailed analysis be undertaken, the manufacturer must then become committed to the appropriate strategy. If they have decided to follow a manufacturer's brand strategy they need to invest strongly in the consumer benefit proposition and/or sustain activity to maintain a competitive advantage at a particular stage of the value chain. To adopt a half-hearted approach will result in a secondary brand which can at best look forward to a short life time as retailers employ systems such as DPP to rationalise their range. As figure 1 shows, a manufacturer may have developed a brand which in its early days has a well differentiated benefit recognised by consumers, for which a price premium could be charged, yet with insufficient investment the result will be decay. Without continued support, competitive "me toos" appearing on the market will reduce any uniqueness once evident, devaluing the brand in the eyes of both the consumer and distributor. Any price premium once

charged, will be negated with the brand sliding into the commodity domain. In such situations it is common for manufacturers to resort to price cutting activity, further de-basing any value benefits and increasing the precarious nature of the brand's balance sheet.

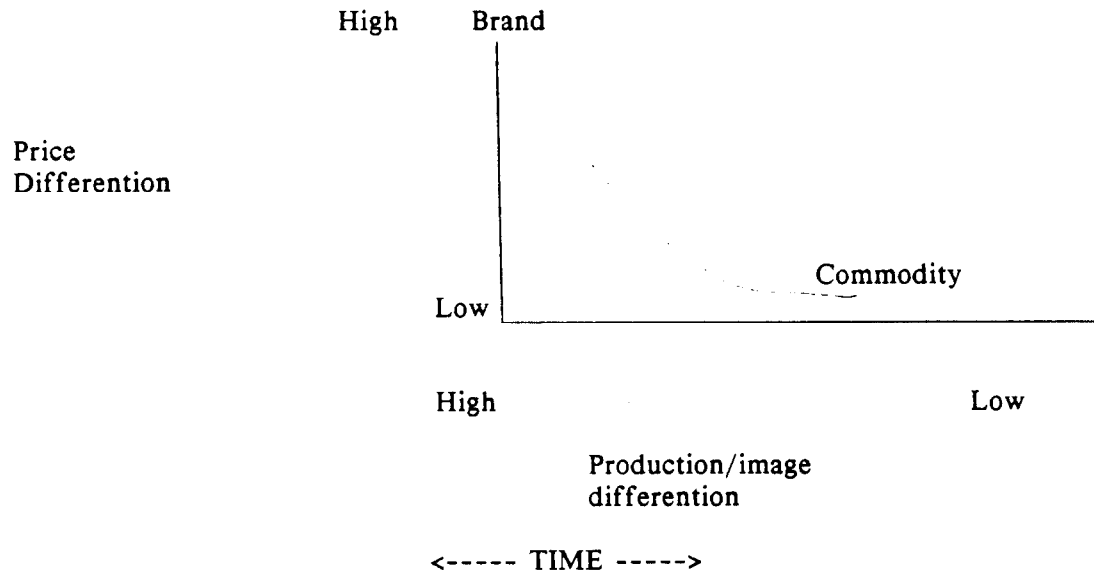


Figure 1: Sliding down the commodity curve

Just as the manufacturer needs to be committed to a manufacturer's brand strategy, so must they also become aligned with distributors when supplying distributor brands. The product management system needs to become more trade marketing oriented, new logistics systems need implementing and effective communication channels developed.

Having clarified whether the strategy is broadly that of a manufacturer's or distributor's brand (ie considering the brand from the perspective of ownership), it is essential for the organisation (be they a manufacturer or distributor) to enact the appropriate detail of the strategy based upon an explicit understanding of the brand asset they have. There are four ways in which the brand can be considered to be an asset, for either the manufacturer or distributor, and, as is shown, each has a different implication in terms of marketing resource allocation.

BRAND ASSETS : FOUR INTERPRETATIONS

A review of the literature on branding shows a plethora of interpreting, with the inherent danger of confused communication (Martell, 1986) and ineffective use of resources. While Schutte (1969) attempted to bring some order, his approach was

based upon the ownership of the branding process, which can be contested in terms of being too narrow a perspective. Clearly the branding process is instigated by either a manufacturer or distributor, but the final form of the brand is in the consumers mind (Pitcher, 1985). The consumer is an active participant in the branding process (Meadows, 1983) and thus branding is a consequence of both the organisations input and the resulting consumer perception (ie the output). An inspection of the meaning of brands leads to four broad interpretations.

(i) Brand as a differentiating device

In the early days of brands, manufacturers used their brands primarily to distinguish their offering from the competing commodity items (Copeland, 1923). This interpretation follows the Oxford English Dictionary definition of a brand as a device "to mark indelibly as proof of ownership". This rather narrow view of a brand held a dominant position in the marketing literature in the 1960's with the American Marketing Association Committee on Definitions (1960) stating that a brand is:

"a term symbol or design, or a combination of them that is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors" (p8)

What is surprising is that many of the more widely used marketing texts still subscribe to this myopic definition (eg Kotler, 1988). We contend that this definition of a brand fails to recognise the contribution of other marketing resources and is of limited strategic value since evidence shows (King, 1984) that a brand will fail to survive if the organisation concentrates primarily on developing a symbol or a name as a differentiating device. Brands succeed because they have a unique benefit which satisfies real consumer needs (Jones, 1986). These benefits are effectively communicated (Whitaker, 1983) and the brands are backed by innovative high quality product development (Ramsay, 1983). Designing a name or a symbol is an important aspect of branding (Murphy, 1987), but it is only one of the many elements that lead to successful brands.

(ii) Brands as shorthand devices for consumers

Recognising from the previous sections that brands succeed because of a coherent blending of many elements of the marketing mix, the consumer behaviour literature shows that consumers use only a small amount of the available information to make a purchase decision (Olshavsky and Granbois, 1979). Consumers have limited cognitive

capacities (Jacoby et al 1974) which are protected from information overload by perceptual selectivity (Krugman, 1975). This then focuses consumers' attention on those attributes considered important. To process the minimum of information, consumers develop ways of coping with the extensive information available. Miller (1956) was one of the first researchers to show that consumers have a limit of about seven items to their short term memory. To overcome this limitation, he shows numerous examples of the mind recoding large quantities of attribute information, "bits", into a few groups containing a greater quantity of information "chunks". By continuing to increase the size of these few chunks, consumers can process information more effectively. There is a considerable body of literature (eg Jacoby et al, 1971,1977; Kendall and Fenwick, 1979; Park and Winter, 1979) which shows the preference consumers have for using a brand name, above all other informational cues, to make a decision.

Thus there is a second school of thought, which views the consumer as an efficient information searcher and processor (Haines, 1974) relying upon a brand name as an informational chunk. Through the use of the brand name, the consumer is able to recall numerous attributes by interrogating memory (eg quality, availability, guarantee, advertising support, etc). This interpretation of the brand as a shorthand device is a considerable improvement upon the first view of the brand as a differentiating device, since it recognises how the myriad of marketing devices are integrated in the consumers mind to form the brand entity. However, from a strategic perspective this does not enable the marketer to decide which particular attributes of the brand should be developed and strongly associated with the brand's name.

(iii) Brand as a promise of consistent quality, a guarantee

Another thread can be seen in the way companies interpreted and developed their brands, and that is through the way the brand is used primarily as a statement of consistent quality which the producer is prepared to guarantee. In this context the brand name is used as the device to enable recognition of a company's product and to then associate this with a specific quality level. Jones (1986) noted how successful manufacturers adopted this approach to branding in an attempt to establish a more direct link with consumers when faced with a powerful distributor presence. To some extent this ties in with Staveley's (1987) view that a brand forms a "compact" between the manufacturer (or distributor) and the consumer, ie:

"In sum we could define the compact as being a feeling on the part of consumers that a brand offers certitudes. ...To the extent that it is possible to dismantle the sum and consider its parts, the compact relates to the consistency - of formulation, of intrinsic quality and of other values both extrinsic ("added values") and intrinsic" (p33)

While this view of the meaning of brands is an improvement on the perspective of brands as differentiating devices, it stresses quality without mentioning the important role of the other elements of the marketing mix in establish the brand in the consumers mind (eg communicating the added values, reinforcing the positioning through price and channels of distribution). Furthermore it narrowly emphasises quality or consistency as the added value aspect of brands, yet added values can encompass many alternatives (eg ease of dispensing, personality, exclusivity, etc). We believe that this view of branding is descriptive of certain types of brands, but is not ideal, since as we show later in this paper some brands succeed not only because they have established a contract with the consumer about consistent quality, but because they also enable consumers to communicate something about themselves (eg personality, mood) through the brands they use.

(iv) Brand as means of projecting self image

As early as 1955, Gardener and Levy proposed the idea of brands having the added value of personalities. They noted that in some product fields there are only marginal product differences between brands, yet consumers expressed very strong brand preferences. Alison and Uhl's (1964) experiment on blind, then branded beer product testing is one of the many studies confirming this. Blind taste tests resulted in no significant differences between brands, but branded tasting resulted in significant brand preferences. Gardner and Levy (1955) explained that:

"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. --- The net result is a public image, a character or personality that may be more important for the overall status (and sales) of the brand than many technical facts about the product" (p35)

King (1970) published the result of qualitative research which shows the way in which consumers see brands as having personalities. As Lamb (1979) observed, branding "is not the simple description of a product function. It is providing a

product with a personality which is so expressed as to encompass that products uses, values, status, nature, function, stature, usefulness - everything" p22

Thus, there is evidence of another school of thought that sees brands as symbolic devices, that have a personality which users value beyond their functional utility (Landon, 1974). This interpretation is grounded in self concept theory and symbolic interactionism. Each person has a perception of themselves (be it their ideal, actual or social self concept) which influences their goals. Through the passage of time individuals develop their self concept which motivates them to act in a way that consistently enhances their self concept (Sirgy, 1982). Consequently the brands the person owns and uses in different situations are selected on the basis of how closely these brands fits in with the person's self concept, at that time (Schenk and Holman, 1980). Several studies have shown how consumers chose brands according to the way they perceive them as being congruent with their self image (eg Birdwell, 1968; Grubb and Hupp, 1968; Dolich, 1969; Ross, 1971). Products and brands are viewed as having symbolic meanings, that people have learned through their socialisation process (Solomon, 1983). As people interpret the action of other people, they then respond using brands as non-verbal communication devices (eg thoughts, feelings, status, etc). But to be of value, the brand as a symbolic device must communicate its meaning and value to consumers. Advertising therefore has a crucial role, publicly communicating the brands personality and signalling how consumers can use them in their daily relationships with other people (eg Lannon and Cooper, 1983; Alt and Griggs 1988). Effective advertising should enable people to draw inferences about the brand user (eg Gronhaug and Trapp, 1988) and reinforce the users confidence in the way he is using a brand as a means of communication to his reference group (Belk et al, 1982).

Clearly there are many product fields where this perspective of brands is particularly powerful. However the way that a housewife uses Heinz rather Crosse & Blackwell baked beans, or a motorist uses Castrol rather than Duckham oil, has less to do with symbolic communication than functional characteristics. This fourth interpretation of a brand has value in certain product fields (possibly highly conspicuous), but its applicability is not universal.

TOWARDS AN INTEGRATED UNDERSTANDING OF BRANDS

This review has broadly classified four of the main interpretations of brands, from which it is possible to recognise the extent to which the meaning of the term brand

has stretched. To fully realise the "brand" asset, the marketer must be clear about the type of asset they have, and hence how it can be further developed. For example, if people buy a brand primarily because they use it to express something about themselves, it is crucial that the marketer provides continued promotional support to communicate a particular message. Failure to realise the type of brand may lead to reduced advertising activity in a climate of cost cutting exercises, which would mean cutting this particular type of brand's lifeline.

The literature on branding suggested to us that a better way of classifying brands, was by the extent to which consumers perceive different brands to possess certain properties. Our emphasis is upon consumers' perceptions, rather than manufacturers, since while the branding process is influenced by the manufacturers' input, the final form of the brand is in the consumers mind (Pitcher, 1985). We also wanted to develop a conceptualisation built upon a parsimonious number of dimension that could adequately describe brand typologies and enable effective marketing strategy development.

In Gardner and Levy's (1955) classic consideration of a brand, they suggest that brands might be viewed in terms of two dimensions ie technical capabilities and personality. Solomon (1983) also spoke about the consumption of products depending on their functional utility and social meaning. Similarly, Munson and Spivey (1981) expounded the idea of there being two independent dimensions which characterise products. The first dimension characterised "value-expressive" aspects whereby the consumer seeks a brand to display their self concept. The second dimension, "utilitarianism" captured the consumers concern for the performance capabilities of the product. From a practitioners perspective, Lannon and Cooper (1983) also adhere to the idea of brands having a functional component and a symbolic component (capable of enabling the consumer to express something about themselves and comfortably fitting in with their lifestyle).

Thus there are a number of papers propounding the idea of brands being characterised by a functional dimension and a dimension to reflect personality. The conceptualisation of Park et al (1986) focused upon consumers perceiving brands as satisfying three needs, ie functional (externally generated needs), experiential (internally generated needs) and symbolic (self enhancement, role position or group membership). If the functional and experiential components are compressed into an overall utilitarian dimension (as they appear to be describing), then this can be simplified into the basic two dimensional perspective of brands. While this three dimensional approach has the advantage of being more descriptive, we believe that the two dimensional approach has greater managerial appeal, as we shortly show.

It is therefore apparent to us that there are two key dimensions that clarify the brand. The first dimension (representationality) describes consumers needs for brands to help express something about themselves (eg Lacoste shirt, Rolex watch, Black Label whisky). It is, in our view, rare to find a brand which is solely defined by the representational dimension, and it is more realistic to talk about those brands for which representationality is a prime need of the consumer. Brands which are predominantly representational brands are defined as:

A set of consistent beliefs and meanings held by its purchasers and users which are associated with the product or service, but which exist over and above its obvious physical functioning. These beliefs are shared by purchasers and users in the product field and help them in choosing the competing version which is best suited to the expression of their particular personalities, roles, set of needs and emotions in a given situation.

A second dimension of brands that satisfies consumers' needs is functionality. Attributes have been associated with particular brand names and these brands satisfy consumers needs for rapid decision making about primarily utilitarian issues (eg

quality, reliability, speed, strength, etc). Examples of brands here would be Castrol GTX, Tipp-Ex, Sarsons vinegar and Formica. Again it is rare to find consumers solely trying to satisfy functional needs, however when this is the main need (other needs being secondary), brands which are predominantly functional brands are sought. We define predominantly functional brands as:

Names which marketers have developed to both distinguish between competing offerings and facilitate purchasers and users decision making through rapid recall of consumer relevant performance benefits. Their values are less to do with the purchasers personality and more to do with the products functional capabilities and physical attributes.

To properly assess the type of brand they have, marketers need to understand how consumers evaluate particular brands along the dimensions of functionality and representationality. With this knowledge they can then map brands onto a two dimensional matrix ("the brands box"), which should provide guidance when developing brand strategies. To facilitate the use of the brands box, it is recommended that the axis be divided into low/high domains, as shown in the example in figure 1. This dividing process is seen in other strategic planning matrices (eg directional policy matrix) and a 4 cell matrix is recommended for ease of use (with experience of operationalising the dimensions and the dividing points, some may find a 9 cell matrix more informative when developing brand strategies).

<u>Functionality</u>	High	W.H. Smith X	Harrods X
	Low	X Kwik Save	X Dunns
		Low	High
		<u>Representationality</u>	

Figure 2: Example of brands box

DEVELOPING BRAND STRATEGIES WITH THE BRANDS BOX

The key strategic implications from identifying the extent to which a brand is perceived in terms of functionality and representationality lie in where marketing resources should be directed. Brands perceived as being primarily functional need continued product investment to maintain superiority and promotional activity that stresses functionality. For brands that primarily satisfy representational needs a promotional strategy that communicates the type of person who would use the brand or the occasions when it would be most appropriate would be crucial - consumers would be less interested in knowing exactly what the product does and is made of. In more detail, the following implications result for each quadrant of the brands box.

(i) High representationality - high functionality

Typical brands in this quadrant would be Rolls Royce cars and Rolex watches.

These brands are perceived as providing functional excellence and, in the consumers

mind, are seen to be very good vehicles for non-verbal communication. Market research needs to be used to track the usership profile and all those working on this type of brand must be regularly informed of changes in the profile. Qualitative market research should be undertaken to appreciate the lifestyle that users wish to project through the brand and a positioning objective defined and subsequently satisfied through the appropriate marketing mix. A creative strategy that reinforces consumers' lifestyle requirements should be developed (eg using reference group endorsement, exclusive situation, etc) and communicated through selective media channels. A continual promotional presence is essential to reinforce users brand choice and to communicate symbolic meaning to those in contact with the brand users. The quality of the brand needs to be maintained through high standards of quality control and continual product development, ensuring that product superiority is maintained. Regular consumer surveys need to assess users views on product performance compared against competing brands and any negative comments internally investigated. Availability of the brand will probably be restricted to a small number of quality distributors. A strict audit of the way distributors interact with the brand is required. In view of the considerable brand investment, distributors should appreciate the value of the brand and would be unlikely to demand extra discounts or to undermine the brand values through inappropriate merchandising. Any deviations from the brand plans by the distributors need to be forceably addressed and if necessary the brand withdrawn from that particular distributor. A premium pricing strategy would need to be followed.

(ii) Low representationality - high functionality

Examples of brands in this quadrant would be Castrol GTX, Krona, Heinz Baked Beans. These brands are sought by consumers because of a high utilitarian need and a less pressing drive to communicate something about themselves. Product superiority needs to be maintained through high quality control standards along with R & D

commitment to ensure continual product development. Promotional support would be crucial in communicating the functional benefits of the brand. The creative strategy would probably focus upon "product as hero" in the advertising and a notable advertising presence would be required. Wide, but selective, distribution for this brand would be sought. Distributors would be unlikely to dictate terms and any demands that are contrary to the brand plan should be resisted. Depending upon consumers' perceptions of the functional capabilities of this type of brand, so a high to medium pricing policy would be developed relative to competing brands.

(iii) High representationality - low functionality

Brands in this quadrant would be Nescafe, Oxo and Horlicks. Consumers are primarily concerned about using these brands as symbolic devices and are less concerned about satisfying functional needs. They would probably recognise that there are small differences between brands in product performance, but they would believe that the representational issues are of more importance. The role of advertising for these brands is to either gain acceptability of them as "part of the Culture" (eg Katie and Oxo), or to reinforce a lifestyle (eg Martini). A continual advertising presence would be needed here. Product development issues would be less crucial compared with brands which satisfy high functional needs, however the product strategy must ensure a coherent approach to satisfying the positioning objective. More reliance needs to be placed upon the results of branded, rather than blind product testing against competition. Distributors should be sought to ensure wide availability and consumers should "feel right" buying the brand through the selected outlets. The pricing would be likely to be medium to high relative to competition.

(iv) Low representationality - low functionality

Examples of brands in this quadrant would be Sarsons vinegar, Saxa salt, and Summer Country margarine. At the bottom left of this quadrant it would be more correct to talk about commodities. Brands in this quadrant are bought by consumers when they are not particularly concerned about expressing something about themselves, nor are they particularly concerned about functional needs. The development of Spar as a convenience store epitomises this type of brand - a limited range of groceries that satisfy consumers who realise they have run out of a grocery product and whose sole concern is replacing the product regardless of brand availability. In general, brands in this quadrant must have wide distribution and be very price competitive. To be able to fight on price the producer needs to strive for cost leadership in the industry. This entails being an efficient producer, avoiding marginal customer accounts, having long production runs and continually monitoring overhead costs. Promotional support would be small and would be directed towards communicating prices. Distributors would have a powerful position when negotiating with producers. Brands in this quadrant are vulnerable to delisting and to succeed the supplier must be able to justify an attractive price proposition to the distributor and consumer. Companies with brands in this quadrant should question the rationale for such a brand presence, since it is likely that profitability will be low and the future success strongly influenced by distributors.

CONCLUSIONS

This paper has presented a review of the evolution of different types of brands (manufacturers' brands and distributors' brands). Through appreciating the rationale for these two broad options it has considered some of the issues that need addressing before embarking upon a particular branding avenue. By looking at the literature on branding it has synthesised the varying interpretations of brands into four broad

categories, ie brands as differentiating devices, as shorthand devices, as promises of consistent quality and means of projecting self image. We believe that unless the marketer understands what type of brand asset the organisation has, it is unlikely to be optimising its resources properly. These four broad categories provide some assistance in terms of understanding brand typologies, but are of limited value in helping define brand strategies. Building upon the literature about brand characteristics, we have developed a two dimensional matrix that should enable marketers to develop more effective brand strategies. Through assessing consumers' perceptions of different brands capabilities to satisfy function needs and representational needs, the marketer can map brands onto the brand box. According to which quadrant the brand occupies, this paper has described the likely characteristics of the brand and the strategic implications in terms of the use of resources.

The strength of this approach is that it is consumer based (reflecting the fact that brands exist in consumers' minds) and it only involves two dimensions. This technique is currently at the state where users have to decide for themselves how to operationalise the two dimensions and where the high/low dividing lines are. Such issues have to be faced by strategists when using other types of marketing planning techniques (eg the market attractiveness and business position axes on the directional policy matrix). We believe that the concept of the "brands box" has considerable strategic applications and we have embarked upon a major research programme to operationalise the two key dimensions and the high/low dividing lines. Our research is also investigating the influence of buyer behaviour characteristics (eg product involvement, perceived risk) on the way that brands from a wide variety of product field are positioned on the brands box. With a more thorough understanding of the characteristics of the brands box from the next stage of this research programme we plan to add to marketers confidence in the use of this technique to develop brand strategies.

REFERENCES

- Allison, R. and Uhl K. (1964) Influence of beer brand identification on taste perception. *Journal of Marketing Research* 1 (3) : 36-39
- Alt, M. and Griggs, S. (1988) Humanistic advertising : a holistic cultural perspective. *International Journal of Advertising*. 2 : 195-213
- American Marketing Association (1960). *Marketing definitions : a glossary of marketing terms* (Chicago : American Marketing Association)
- Arnold, D.R., Capell, L.M. and Smith, G.D. (1983) *Strategic retail management* (Reading : Addison - Wesley)
- Belk, R., Bahn, K. and Mayer, R. (1982) Developmental recognition of consumption symbolism. *Journal of Consumer Research* 9 (June) pp 4-17
- Birdwell, A. (1968) A study of the influence of image congruence on consumer choice. *Journal of Business* 41 (Jan) : 76-88
- Copeland, M. (1923) Relation of consumers' buying habits to marketing methods. *Harvard Business Review* 1 (April): 282-289
- Cravens, D.W. and Woodruff, R.B. (1986) *Marketing* (Reading : Addison - Wesley)
- Davis, I. (1986) Does branding pay? *Admap* 22 (December): 44-48

Davis, P. (1983) Brands failure : why the retailers aren't to blame. Campaign 24
June: 38-39

de Chernatony (1988) Consumers' perceptions of the competitive tiers in six grocery
markets. Unpublished PhD thesis, City University Business School

Dolich, I. (1969) "Congruence relationships between self images and product brands".
Journal of Marketing Research, 6 (Dec), pp 80-84

Economist Intelligence Unit (1968) Own brand marketing. Retail Business No 128
(October): 12-19

Euromonitor (1986) Own brands (London : Euromonitor)

Evans, J. and Berman, B. (1982) Marketing (New York : Macmillan)

Gardener, B. and Levy S. (1955) The product and the brand Harvard Business
Review 33 (March-April) : 33-39

Gronhaug, K. and Tropp, P. (1988) Perceived social class appeals of branded goods.
Journal of Consumer Marketing 5 (4) pp 25-30

Grubb, E. and Hupp, G. (1968) Perception of self, generalized stereotypes and brand
selection. Journal of Marketing Research. 5 (Feb) : 58-63

Haines, G. (1974) Process models of consumer decision making. In Buyer/consumer
information processing, ed by G.D. Hughes and M.L. Ray (Chapel Hill : University
of North Carolina Press)

Hawes, J.M. (1982) Retailing strategies for generic grocery products (Ann Arbor : UMI Research Press)

Henley Centre for Forecasting (1982). Manufacturing and retailing in the 80's : a zero sum game? (Henley : Henley Centre for Forecasting)

Holstius, K. and Paltschik, M. (1983) Brand names and perceived value. European Research 11 (4) : 151-156

Hurst, S. (1985) The effect on branded groceries of retail trade concentration. Admap 21 (July/August) : 395-396

Jacoby, J., Olson, J. and Haddock, R. (1971). Price, brand name and product composition characteristics as determinants of perceived quality. Journal of Applied Psychology 55 (6) : 570-579

Jacoby, J. Speller, D. and Kohn, A. (1974) Brand choice behavior as a function of information load. Journal of Marketing Research 11 (1) : 63-69

Jacoby, J., Szybillo, G and Busato-Sehach, J. (1977) Information acquisition behaviour in brand choice situations. Journal of Consumer Research 3 (March) : 209-216

Jacoby, J. and Mazursky, D. (1984). Linking brand and retailer images - do the potential risks outweigh the potential benefits? Journal of Retailing 60 (2) : 105-122

Jarrett, C. (1981) The cereal market and private label. Paper presented at Oyez Seminar : Is the brand under pressure again - London, September 1981

Jefferys, J.B. (1954) Retail trading in Britian, 1850-1950 (Cambridge : University Press)

Johnston, D. (1982) Branded products at the crossroads. Marketing communications 1 (3) : 15-17, 72

Jones, J. (1986) What's in a name? (Lexington : Lexington Books)

Kendall, K. and Fenwick, I. (1979) What do you learn standing in a supermarket aisle? In Advances in Consumer Research. Vol 6 ed by W. Wilkie. Ann Arbor : Association for Consumer Research : 153-160

King, S. (1970) What is a brand? (London : J. Walter Thompson Company)

King, S. (1984) Developing new brands (London : J. Walter Thompson Company Ltd)

King, S. (1985) Another turning point for brands? Admap 21 (October) : 480-484, 519

Kotler, P. (1988) Marketing management : analysis, planning and control (Englewood Cliffs : Prentice Hall)

Krugman, H. (1975). What makes advertising effective Harvard Business Reveiw 53 (March-April) : 96-103

Lamb, D. (1979) The ethos of the brand. Admap 15 (1) : 19-24

Landon, E.L. (1974) Self concept, ideal self concept and consumer purchase intentions. *Journal of Consumer Research* 1 (Sept) : 44-51

Lannon, J. and Cooper, P. (1983) Humanistic advertising : a holistic cultural perspective. *International Journal of Advertising*. 2: 195-213

Lennon, P. (1974) Whats in a name : a study of the attitude of consumers to own label grocery products. M.Sc. thesis : UMIST, Department of Management Sciences

Market Behaviour Ltd (1985) Own brands (London : Market Behaviour Ltd)

Martell, D. (1986) Own labels : problem child or infant prodigy. *The Quarterly Review of Marketing* 11 (4) : 7-12

Meadows, R. (1983) They consume advertising too. *Admap* 19 (July/August) : 408-413

Miller, G. (1956). The magic number seven, plus or minus two. *The Psychological Review* 63 (2) : 81-97

Munson, J.M. and Spivey, W.A. Product and brand user stereotypes among social classes. *In* *Advances in Consumer Research* edited by K. Monroe, pp 696-701 (Ann Arbor : Association for Consumer Research)

Murphy, J. (1987) Developing new brand names. *In* *Branding: a key marketing tool*, ed by J. Murphy (London: Macmillan)

O'Dochartaigh, A. (1974) Grocery own labels - a review. (London : Institute of Practitioners in Advertising)



Oliver, G. (1986) Marketing Today (Englewood Cliffs : Prentice Hall International)

Olshavsky, R. and Granbois, D. (1979). Consumer decision making - fact or fiction?
Journal of Consumer Research 6 (September) : 93-100

Park, C. and Winter, F. (1979). Product quality judgement : information processing
approach. Journal of the Market Research Society 21 (3) : 211-217

Park, C.W., Jaworski, B.J. and MacInnis, D.J. (1986) Strategic brand concept
management. Journal of Marketing. 50 (Oct) : 135-145

Pitcher, A.E. (1985) The role of branding in international advertising. International
Journal of Advertising 4 (3) : 241-246

Porter, M. (1985) Competitive Advantage (New York : The Free Press)

Ramsay, B. (1983) Brand efficiency : lessons from the USA. Admap 19 (11) : 556-
563

Randall, G. (1985) The battle for brands. Management Today. November: 74-79

Roselius, T. (1971) Consumer rankings of risk reduction methods. Journal of
Marketing 35 (1) : 56-61

Ross, I. (1971) Self-concept and brand preference Journal of Business 44 (1) : 38-50

Schenk, C. and Holman, R. (1980) A sociological approach to brand choice : the concept of situational self-image. *Advances in Consumer Research*, ed J. Olson, Vol 6 : 610-614

Schuttle, T.F. (1969) The semantics of branding. *Journal of Marketing*. 33 (2) : 5-11

Simmons, M. and Meredith, B. (1983) Own label profile and purpose. Institute of Grocery Distribution Conference, Brighton. September 1983

Sirgy, M. (1982) Self-concept in consumer behaviour : a critical review. *Journal of Consumer Research* 9 (Dec) : 287-300

Solomon, M. (1983) The role of products as social stimuli : a symbolic interactionism perspective. *Journal of Consumer Research* 10 (Dec) : 319-329

Staveley, N. (1987) Advertising, marketing and brands. *Admap* 23 (Jan) : 31-35

The Grocer (1989) Big five multiples facing market saturation. 4 February, p. 12

Thermistocli & Associates (1984) The secret of the own brand. (London : Thermistocli & Associates)

Whitaker, J. (1983) To spend or not to spend? *The Nielsen Researcher* (2) : 1-15