THE VARYING NATURE OF BRANDS AS ASSETS: THEORY AND PRACTICE COMPARED

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ABSTRACT

With the current interest in valuing brands, it is essential that any technique takes into account how the term brand is interpreted, since there are differing views about the meaning of "brands". This paper seeks to clarify the ways brands have been interpreted in the literature and, through a series of interviews with marketers, shows how brands are interpreted by practitioners. A synthesis of the literature indicates five possible categories, i.e., brands as devices to show marketing control, as differentiating devices, as a means of communicating a guarantee, as an aid for consumers rapid decision making and as symbolic devices to enable consumers to express something about themselves. Marketers interpretations were consistent with this framework, but they did not place any emphasis upon brands as showing marketing control. Practitioners mainly saw brands as differentiating devices and to communicate the company's commitment behind the brand.
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INTRODUCTION

There has been renewed interest recently in brands, brought to attention through Nestle's takeover bid for Rowntrees and subsequently followed by the debates on how to value brands with a flurry of conferences in the UK. One might wonder if there is a cyclical interest in this subject, since King (1978) last stirred the hornets nest with his observations about a crisis in branding with stronger distributors brands and weakening manufacturers brands. In the early and mid 1980's interest tended to be focused upon who owned the brands and how brands could succeed in an environment of increased retailer dominance (eg Hurst, 1985). It became much more widely recognised that retailers had developed branding strategies for their own brands (Randall, 1985), but there still remained confusion about branding terminology (eg Martell, 1986). With the recent thrust being more concerned with the way brands are valued, we believe that any techniques developed must first clarify how the brand is being interpreted. The purpose of this paper is therefore to review the literature about the different evolving meanings of brands and through a synthesis to identify categorise of brand meanings. By interviewing marketing staff these findings are compared against practitioners' views, further confirming the variety of ways in which brands are conceptualised. As we show in this paper, there are several ways in which the meaning of brands differ and each interpretation lays emphasis upon a particular aspect of the brand. Consequently any brand valuation technique must first take into account what type of brand is present.

BRANDING - A DEVICE TO SHOW OWNERSHIP

One perspective on branding is based on considering whether the brand is a manufacturers brand or a distributors brand (also referred to as own label, private label on retailer label). This consideration has the advantage to the marketer of showing which party in the value adding chain is primarily responsible for instigating and managing the branding process. By using the more correct terms, manufacturer's brand and distributor's brand, it also recognises the fact that distributors put as much (if not more) effort into the branding of their own range of goods as do manufacturers (Relph-Knight, 1988). As an example of this, in the days when Fine Fare had two versions of its distributor brands, Allan (1987) reported how there were two very clear internal branding strategies for the Fine Fare own label and generic lines.
A further strength of interpreting branding from the perspective of ownership is that this is how consumers perceive the structure of competing items in any product field. Research by de Chernatony (1988) showed that across a variety of packaged groceries, consumers perceived the competitive structures to be manufacturers' brands versus distributors' brands. Similarly Morris (1979) showed that consumers placed reliance upon who develops brands and noted that consumers may prefer a familiar distributors brand to a minor, unfamiliar manufacturers brand since they perceive a sense of guarantee which they associate with the organisation responsible for the brand.

Thus branding as a process is undertaken by both manufacturers and distributors. There are virtues in interpreting brands as devices to show whether the marketing process is primarily instigated and managed by manufacturers or distributors, however this perspective lays too much emphasis upon branding as an input process. Consumers are not passive receivers of information about competing items (Meadows, 1983) and it is not unusually for consumers to perceive a message or a situation in a different way from that which the marketer planned (Krugman, 1975). As later sections of this paper show, there are those who argue that brands should be considered in terms of what consumers take out of the branding process (eg Pitcher, 1985), rather than what is put into the branding process.

BRANDS AS DIFFERENTIATING DEVICES

When tracing the evolution of manufacturers brands in the UK, branding was used initially as a method for manufacturers to differentiate their goods. In the early half of the nineteenth century it was common for groceries to be sold as commodity items. Household groceries were normally produced by small manufacturers supplying a geographically restricted market. The quality of similar products varied by retailer, who frequently blended several supplier's produce. However, as Britain adjusted to the industrialisation of society, so consumer goods manufacturers saw sales opportunities from the rapid rise of urban growth and wider distribution through improved transportation. To protect their investment in production facilities, and reduce their dependence on the powerful wholesalers, manufacturers affixed a brand name to their product and brands increasing appeared (King 1970). Thus branding was initially a method for manufacturers to differentiate their offerings from the retailers commodities. As more brands appeared, considerable effort was placed upon designing distinctive packaging with unique brand names to enable consumers to more readily distinguish between similar items (Copeland, 1923).
This interpretation of a brand is presented by Watkins (1986) as being "an identifiable version of a product which a consumer could perceive as being distinctive in some way from other versions of the product" (p 3).

This perspective of a brand as a means to differentiate similar items is frequently encountered in marketing texts (e.g., Kotler, 1988), due in no small part to the way that the American Marketing Association Committee on Definitions (1960) defined a brand as:

"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" (p 8)

In today's marketing environment, we regard this definition as being rather myopic, since it fails to recognize the contribution of other marketing resources in the branding process. This definition has become dated and as King (1984) has shown, brands will fail to survive if the organization 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 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.

Thus a second perspective on brands as assets, are that they are differentiating devices. While there is research to show that this narrow perspective will not lead to long-term success, as the interviews with marketers show, this interpretation of the brand is quite common.

BRANDS THAT PROMISE CONSISTENT QUALITY, GUARANTEES

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, i.e:

"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, exclusively, 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.

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 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 view of the brand as a differentiating device or a means of guaranteeing quality, 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.

BRANDS AS SYMBOLIC DEVICES, A 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 themself (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.

IMPLICATIONS OF BRAND TYPOLOGIES

Thus from a review of the literature there appear to be five broad ways in which brands have been interpreted, ie brands as devices to show the main source of marketing control, brands as differentiating devices, brands as promises of consistent quality, brands as shorthand devices to facilitate consumers information search and brands as symbolic devices to enable consumers to express something about
themselves. Each of these ways of interpreting brands has an implication in terms of the way marketing resources are used to develop a brand strategy. For example, for those companies who view their brands as promises of consistent quality, resources would need to be employed to ensure high product quality and any promotional activity would emphasise functional superiority. By contrast, where a company believes that its brands are used as symbolic devices, advertising would be crucial to publicly communicate a message about the product (eg lifestyle reinforcement) and the other elements of the marketing mix would need to reinforce the positioning objectives. Furthermore, these brand typologies also indicate that, because of the way resources would have been invested, the valuation techniques must be appropriate for the particular brand. For example to assess brand values on a relative basis, blind versus brand comparative product testing may give an indication of the value consumers place on brands as promises of consistent quality, but for symbolic brands image evaluation studies may be more appropriate when looking at the value consumers place on brands.

MARKETING PRACTITIONERS VIEWS ABOUT BRANDS

To provide further guidance about these possible brand typologies, marketing personnel were asked how they interpreted the term "brand" within their organisation. Over a six month period during 1988, we interviewed marketers who were attending short courses at our institutes. In total, 49 interviews were undertaken with marketers (predominantly middle managers, all with either a brand or marketing resource responsibility who worked in marketing departments) from consumer, industrial, and services organisations. While recognising the limitations of the convenience sampling procedure and the relatively low number of interviews completed, these exploratory interviews provide some guidance in terms of assessing whether practitioners' interpretations matched the conceptual five category framework earlier discussed.

Each persons comments were analysed, and as can be seen from the results in table 1, the conceptual framework broadly appeared to be a suitable procedure for analysing the comments.

The first point to emerge from this analysis was that practitioners did not use the interpretation "brands as devices to show the main source of marketing control".
Secondly, amongst those marketers who saw brands as devices to communicate with consumers, they did not just see the communication role as being linked to quality, instead they saw brands as efficient devices to communicate the way the company was backing its brands (e.g., attributes, added values, benefits, company commitment). The two other brand typologies that were synthesized from the literature review, brands as shorthand devices and brands as symbolic devices, were also mentioned by marketing practitioners.

Amongst this sample it is evident that branding is viewed as an important means for companies to differentiate themselves and also as a method where they can communicate a message that they wish to have associated with the brand name. As an indication of the importance of these two aspects of branding, over three quarters of the total number of comments related to these two issues.

Of the four ways that marketers interpreted brands, the first two groups (differentiating and communication devices) stress branding as an input process, while the last two groups (shorthand devices for consumers and symbolic entities) are more orientated towards branding as an output process. Clearly the manufacturer and distributor have a major role in instigating the broad format of the brand, however consumers then form views in their own minds and as Pitcher (1985) along with Lannon and Cooper (1983) lucidly show, the final form of the brand is in the consumers' mind. It was less common for marketers to consider branding in terms of what consumers took out of the branding process and far more common for them to view branding as the way they used resources to support a particular type of product. We believe that a more balanced view of branding would lead to more effective use of branding resources. Such a perspective should not only address how resources are devoted but should also take into account what consumers are looking for when buying brands (e.g., functional or symbolic considerations).

CONCLUSIONS

This paper has reviewed the different interpretations of brands and has shown that due to the variety of meanings, the assumption "a brand is a brand is a brand" is false. It is apparent that according to how the brand is interpreted, so marketing resources will be employed in a particular way and hence any attempt to value a brand must reflect in some way what marketers were trying to achieve with their branding strategy and how those efforts were viewed by consumers. The diverse views about brands clearly indicate that valuation procedures must be tailored to fit
particular brand types and that there needs to be more research about the appropriateness of different valuation techniques for different brand typologies.

From a theoretical perspective branding can be interpreted in five broad groups. Branding may be used to show the main source of marketing control/ownership, to act as a differentiating device, to communicate a guarantee (usually about consistent quality), to enable consumers to rapidly make a purchase decision through efficiently interrogating memory or brands may be a symbolic means for consumers to express something about themselves. None of these interpretations should be viewed as being discrete categories. One has to only consider the advertisements for Heinz Baked Beans to realise that while there is strong evidence of the creative approach implying that the brand is used to communicate product superiority, there is also a small element of the housewife using the Heinz brand to express a caring message to her family. Each of these five ways of interpreting brands has implications for the use of marketing resources and it is essential for the marketer to be explicit about what he/she understands by this term in their brand planning document. For example, where the brand is viewed mainly as a symbolic device, advertising would be essential to communicate these messages to the target users and his/her social groups. During any period of advertising budget restraint, the brand controller needs to be well aware that this type of brand would be subjected to a weakening of brand personality.

Marketing practitioners tended to interpret brands from four perspectives, which closely corresponded to the categories earlier discussed. The category that was never considered by practitioners was branding as a means of showing control/ownership. Amongst the marketers interviewed, branding was primarily seen as a method of differentiating competing items and communicating the company's commitment to brands. Branding was not seen narrowly as an endorsement of consistent quality, but was used to communicate the full spectrum of capabilities that the company had invested to set their brand on a pedestal (ie particular attributes or added values). Furthermore, marketers predominantly viewed branding as the process where they directed marketing images into consumers' minds and infrequently did they consider what consumers took out of the branding process.

In view of the strategic importance of identifying brand typologies, we have embarked upon a research programme concerned with identifying brand typologies, based upon consumer interviews to clarify the salient dimensions of brands. Through testing the categories discussed in this paper we hope to provide more information that should enable brand managers and their agencies to develop more effective
brand strategies. This future research should also help those concerned with evaluating the value of brands, by indicating the appropriateness of different valuation techniques for different brand types.

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Base: Total number of interviews

Brands as identifying/differentiating devices

Brands are names to identify/differentiate 18
Brands are a means of identification/differentiation 5
Brands are logos/symbols to identify 3

Brands as way of company communicating to customers about:

Benefit 4
Image 4
Added values 3
Attributes 3
Endorsements/company commitment 2
Quality 1
Identity 1
Origin 1
Impressions 1
Product type 1

Brand as shorthand device for consumers

Removes need to state characteristics on pack 2
Synonymous with ideas in mind 2
Shortcut focus for perception 1
Recalls quality 1
Recalls quality, style and lifestyle 1
Evokes thoughts and stimulates buying 1
Recalls quality, company and identity 1
Recalls association of product to a company

Brand as image/personality/character

Has personality 2
Has image/image aspired for in consumers mind 2

TOTAL NUMBER OF COMMENTS 61

Table 1: Way marketers interpreted "brand"