

# **Teaching Guide**

## **Brand Marketing Why We Eat, Drink, and Wear Brand Names**

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## Summary

Our grandparents lived in a world of goods and commodities, we live in a world of brand names. This change is a revolution in marketing as well as a shift in how we view the world. Marketers create a world in which objects have personalities. Ask students twenty years ago what they wore or ate and the answer would be in terms of commodities – shoes and shirts, chips and hamburgers. Ask today’s students the same question and the answer will come back filled with brand names from Nike and Helfiger to Fritos and Big Macs. One cannot understand youth culture, marketing, or our consumer society without an in-dept exploration of the power of brand names. Use **Brand Marketing** for units in marketing, business education, advertising and persuasion, and consumer education. Better yet, consider this a lesson in a basic concept of modern life.

### LEARN:

- The power of brands -- why branding IS modern marketing.
- How brands serve to bring things to life and change how we view the world.
- What brands have to do with security and risk reduction.
- What is brand equity, brand extension, line extension, co-branding.
- How celebrities establish themselves as brand names.
- Why brands have the power to shape our judgements and perception.
- Why we literally eat, drink, and wear brand names.

## **Script Excerpts**

### **1. The Evolution of Brands**

Brands are the wallpaper for our lives. Your grandparents lived in a world of goods. We live in a world of brands. In 1900 you could travel for hours without seeing a brand name. Most groceries carried no brand names. They were measured straight from barrels or sacks. Shoppers asked the grocer for soap or flour and he measured and wrapped it. Most ads were aimed at grocers, not consumers.

Manufacturers quickly learned consumers needed to distinguish their product from all the others. So they borrowed an idea from ranchers who used branding to distinguish animals and claim ownership.

Slowly, consumers learned instead of saying "give me some flour," to say "give me some Gold Medal." The brand name revolution picked up speed. When grocery stores finally went self-service complete with colorful packages, consumers already knew which brands they liked.

This same change from commodity to brand name is taking place today for prescription drugs. In years past, a patient would go to the doctor and receive a prescription, say for penicillin or an anti-biotic. Brand names were not even mentioned.

Drug manufacturers advertised to doctors asking them to write prescriptions for specific brand names. They succeeded and most prescriptions today ARE written for drugs by brand name.

Only in the late 1990s did drug companies begin advertising directly to consumers -- the same change seen a hundred years ago in grocery stores. Today, patients ask doctors for brand names. How about

Claretin or Nasonex, they ask the doctor.

## **2. THE BRAND NAME REVOLUTION**

This change in behavior is part of the brand name revolution. Marketers have trained us to think in terms of brand names instead of commodities or generic goods.

You don't eat salted corn chips, you eat Fritos. You don't drink cola flavored soft drinks, you have a Coke or a Pepsi. You don't wear sneakers or athletic shoes, you put on Nikes or Reeboks.

Ask someone decades ago, "what are you wearing?" and he might say, "a shirt, work pants, shoes", maybe "a hat." But toare more likely to hear a litany of brand names in answer to that question. Call this a chicken A chicken is unbranded -- a commodity. To make a chicken unique, give it a brand. Now it's a Perdue. Branding brings things to life, it creates a personality. A brand creates a unique but at the same time familiar product.

A known brand is like an acquaintance, even a friend. We're more comfortable with a friend than a stranger. "Never trust a stranger," parents teach us. And we carry that lesson to our buying habits as well. Marketers attempt to stake out a space in your mind that is "owned" by the brand. For example, in autos if I say prestige, you think.... Mercedes. I say safety and you think Volvo. Volvo "owns" the link in your mind between cars and safety, even though other brands might be just as safe.

Kleenex owns the idea of paper tissues. People have been known to look at a box of Scott tissues and say, "pass me a Kleenex." Tissue IS Kleenex. Gelatin dessert IS Jell-o, a greeting card IS Hallmark, in-line skates ARE Rollerblades,

study people rated the taste of three unbranded peanut butters. They did their taste testing without being able to see brand names. A little known local brand was picked as superior 70% of the time by the tasters.

When the test was repeated, this time with brand names in clear view, the results changed. Now the well known national brand ranked first. The winning peanut butter in the unbranded test dropped to near the bottom of the list. *The peanut butter example is from "Effects of Brand Awareness on Choice for a Common, Repeat Purchase Product," by Hoyer and Brown in Journal of Consumer Research, Sept. 1990).*

Here is part of the mission statement of a major corporation. Guess which company: "We exist to create value for our share owners on a long-term basis by building a business that enhances the company's trademarks. This is our ultimate commitment." The company? Coca-Cola. Sure, they produce a quality soft drink. But their mission statement says their ULTIMATE commitment is to enhance the company's trademarks -- the brand names. For many companies, the BRAND IS THE PRODUCT. Coke and Pepsi consumers drink the brand.

### **3. BRAND EQUITY**

A solid brand is worth money; a value called brand equity. A successful brand can live (and earn money) for centuries. Of the leading brands in 1925, over 80% are still strong. That includes names such as Eveready, Kellogg, Kodak, DelMonte, Wrigley, Gillette, AT&T, Coca-Cola, Campbell and Lipton.

Today, Internet businesses such as America online, Amazon.com, and Go.com vie to become recognized brands. They see themselves as cyberspace versions of Campbell, Kodak, or Coca-Cola. Christian Dior, Bill Blass, Calvin Klein, Armani, Gucci, and

One reason a strong brand is valuable is that a brand name can support a higher price than the same product with a lesser known brand. Water, unbranded, is an inexpensive commodity. But this water (Evian) sells for about 99 cents for a half liter. That's more than milk, cola, and many other beverages. The price tag demonstrates of the value of brand equity

In England, the same factory once made identical television sets for Hitachi and G.E. The only difference was the brand name on the set, yet the Hitachi sold for \$75 more per set, reflecting the greater value of the Hitachi name in England at the time.

Intel contracted with computer makers to show the "Intel Inside" logo in their ads in return for a 3% rebate on chip purchases. Customers thought: "Computer makers know their stuff. So, if they make an effort to tell me that Intel makes a part of this computer, it must be good."

Brand equity is based on dependable products and years of advertising and promotion. Of course, brand equity can also be bought. Corporate takeovers and mergers are often about buying brand equity.

Pillsbury, Burger King, Progresso, Van de Kamps, Pet, Haagen Dazs, Green Giant, and Totino's brands are or were owned by Grand Metropolitan, an English company. Brand names including Hunt, Wesson, Healthy Choice, Armour, Swift, Eckrich, Oscar Mayer, La Choy, Peter Pan, Banquet, Morton's, Patio and Orville Reddenbacher are owned by a company named ConAgra.

#### **4. Brand Extensions**

Another reason a brand is so valuable is that it can be applied to other products, a practice called brand extension.

Arm and Hammer IS baking soda, so how could they use the power the name to sell more? The answer was to extend the brand– to deodorant, toothpaste, detergent, even cat litter deodorizer.

Quaker oatmeal extended its brand from oatmeal cereal to breakfast bars. Centrum extended its line from vitamins to herbal supplements. Ocean Spray established a strong brand for cranberries. But most people buy cranberries only around Thanksgiving. How could Ocean Spray extend its brand? By producing a line of cranberry based beverages.

New items in the same product category, usually with new features, flavors, or colors, extend the product line, so are called are called LINE extensions. Listerine mouthwash extended its mouthwash line with a tartar control variety.

About 70% of the 16,000 new products introduced each year on grocery shelves are really line extensions rather than completely new products.

Some companies downplay the corporate name in favor of individual brand names. Proctor and Gamble sells a variety of laundry detergent, but not a Proctor and Gamble brand.

Other companies use sub-brands. This small vacuum cleaner bears the Dustbuster brand, a sub-brand of Black and Decker. Showershine is a sub-brand of SC Johnson. Eggo waffles is a sub-brand of Kellogg's. These companies believe unique names for each product stakes out a clearer space in consumer's minds. Dustbuster is a more clearly focused name than Black and Decker Mini-Vac.

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When Nabisco decided to produce a reduced fat cookie they didn't call it Nabisco Reduced Fat Devil's Food Cookies. They created a new brand— Snackwell. The brand was so successful it was extended to a variety of other products united by the reduced fat idea.

Some stores proudly advertise they see a wide range of name brands. Other retailers such as The Limited, Benetton, Body Shop, and Ikea use the store name as the leading brand.

Many stores that feature brand names also have their own "store" or "private" brands. Hunt Club is a JCPenney brand, Sam's American Choice is Wal-Mart. Store brands usually sell for less but the retailer makes a higher profit.

Co-branding combines two or more well-known brands in one product or offer.

## **5. LICENSING**

Companies with strong brands can allow other companies to use the names, a practice called licensing. A typical arrangement calls for the third party to use the brand on merchandise in return for royalty payments from five to fifteen percent of sales. The Coca-Cola brand name is licensed to appear on over 10,00 products for well over a billion dollars.

In fashion, licenses are available for names such as Christian Dior, Bill Blass, Calvin Klein, Armani, Gucci, and Ralph Lauren. The Martha Stewart name is a brand that K-Mart licenses to sell everything from towels to garden dirt.

## **6. CELEBRITIES AS BRANDS**

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## **6. CELEBRITIES AS BRANDS**

Agents who represent movie, sport, and music stars now realize they can market their clients using many of the same techniques used to sell soap and cereal. They shape the celebrity into a brand complete with a well known name and a carefully created image.

Professional athletes can earn more by becoming a well recognized name that can be licensed, co-branded, and extended just like any other brand name. From the earliest days of Hollywood, stars and their agents created brand names" for themselves. Dianne Belmont became Lucille Ball, Norma Jean Baker became Marilyn Monroe, Louise Ciccone became Madonna. Thomas Mapother IV became Tom Cruise, Demetria Guynes became Demi Moore. Caryn Johnson became Whoopi Goldberg.

Brand equity for a celebrity is name recognition. A celebrity can cash in brand equity by attaching his or her name to salable products -- a book, speech, CD, computer game, or restaurant. Musicians or athletes appear in movies. By crossing into different media they extend their brand recognition, thus strengthening brand equity.

Stars receive huge dollar amounts for films because they provide brand recognition for an unknown new product. A known star is to a movie what the McDonald's name is to eating on the road.

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## **7. WHAT MAKES A GOOD BRAND NAME?**

Brand names often describe the product or make a claim for what it does: Lean Cuisine, Healthy Choice, Mop'n Glow, Skin-So-Soft, Handi-Wrap, Off! Eveready, Liquid Plumr . The word "Pepsi" once described the drink. Pepsi-Cola was originally named to suggest its supposed ability to relieve dyspepsia and the pains of a peptic ulcer.

A brand sold worldwide has to work in all languages. General Motors marketed a car named the Nova for many year, but could not use the name in Spanish speaking countries. In Spanish "no va" means "doesn't go." The Mexican bread Bimbo might have some problems in the U.S. as would the Japanese drink Pocari Sweat, or the Greek soft drink Zit..

When the Campbell Soup Company tested a line of spaghetti sauces, it found some people thought the sauce was "soupy". It wasn't any more soupy than the competition, but the Campbell name gave some that perception. So Campbell used the brand name Prego for the sauces.

A brand name gains legal protection by being registered or trademarked. That ® means a federally registered name and stands for a product's trademark. A trademark gives its owner the exclusive right to the name. It marks the name as off limits to other companies and lets the consumer know who stands behind the product. For services (say Visa, or American Express) the protection is called a service mark.

limits to other companies and lets the consumer know who stands behind the product. For services (say Visa, or American Express) the protection is called a service mark.

A trademark can be an actual brand or corporate name, or a symbol of that name. There are over 1,200,000 trademarks registered with the U.S. government alone.

Companies protect their trade names. McDonald's wants to insure it is the only McDonald's restaurant -- even if your name is Sarah McDonald and you open your own hamburger stand. All corporations take similar care to protect their brands.

Consider these words: aspirin, cellophane, linoleum, kerosene, zipper, granola, and yo-yo. They were all once protected brand names. Today they are merely generic words, enjoying no special legal protection.

## **8. BRANDS GIVE THINGS IDENTITY**

Marketers not only give products and services a name -- they create personalities and bring THINGS to life. In a sense, they are animators. One analysis found people think of Coke as real and authentic, Pepsi as young and spirited, and Dr. Pepper as nonconforming.

Another study found people judge brands using five personality traits. They see products with different mixes of sincerity, excitement, competence, sophistication, and ruggedness. The mix is what creates the brand's personality.

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competence, sophistication, and ruggedness. The mix is what creates the brand's personality.

When Metropolitan Life Insurance Company wanted to appear friendly and caring it "licensed" Peanuts characters. The characters served to put a soft and lovable face on an insurance company.

Consumers favor brands with a personality compatible to the person they are or want to be. Apple computers express a non-corporate, creative personality. Apple loyalists don't use computers, they use Macs. Harley-Davidson riders feel differently riding a Harley, than they would a Yamaha.

From MacUsers to Harley men, a brand can become a badge used by the consumer to announce identity. The brand becomes not just a name, but a part of the person. Selecting brands becomes part of building what we call a lifestyle.

It was Shakespeare who asked, "what's in a name." In today's consumer world, the answer is simply, "Everything."

## **QUIZ ON BRAND NAMES**

1. Explain this sentence from the video: “Our grandparents lived in a world of goods. We live in a world of brands”
2. In what way does the current selling of prescription drugs mirror the marketing of grocery products nearly one hundred years ago?
3. Branding is important to marketers because a brand name allows them to “bring a product to life.” Explain what this means and why it is so important.
4. Explain the concepts of brand extensions and line extensions.
5. Explain how celebrities use the concept of “brand equity” to sell themselves.

## Quiz Answers

1. The key is that viewers realize how marketable goods have changed in the past hundred years. A time traveler to the past of 1900 would notice many changes in lifestyles and technology. But the traveler would also notice a near absence of brand names. A hundred years ago, brand names were few and far between. Today, one cannot travel far in a city anywhere in the world without brand names. They have become so common, so everywhere, that they are like wallpaper — ever present but not noticed.

Hamburgers have become Whoppers and Big Macs. The very word “hamburger” might be archaic in a few generations. Sneakers are Nikes or Reeboks. Clothing is a FUBU, a Klien, a Gap.

2. In the early days of grocery stores, most goods were unbranded. The grocer (or his assistant) would scoop flour from a bag, package crackers or pickles from a barrel, or slice soap or butter from a large cake. Some ads were directed at grocers to carry specific brands of soap or crackers.

This is the same situation that existed not too many years ago for prescription drugs. Patients would report their symptoms and the doctor would write a prescription for an anti-biotic or painkiller. Brand names for these prescription drugs were largely unknown to the actual consumer. Drug makers did advertise to doctors so they would prescribe specific brands.

Food makers quickly learned to advertise brand names directly to consumers. The shopper would ask for a food by brand name and the grocer must carry the brand to

names directly to consumers. The shopper would ask for a food by brand name and the grocer must carry the brand to satisfy customers.

This same change from commodity or generic goods to brand names is taking place today with prescription drugs. Drug makers advertise prescription drugs on television and in national magazines, so doctors prescribe the brand names in order to satisfy patient demand. Chickens, hamburgers, bananas, or shoes are commodities. Like thousands of other products, claims for superiority can be made only when the goods can be distinguished by brand names. Once branded, products can be given a personality through advertising. And once the product has a personality, people can “relate” to the product and select it as part of their “lifestyle.” In a modern consumer society, the very idea of a chosen “lifestyle” is inseparable from brand names. Branded products become part of how we identify ourselves. We become part of the Pepsi generation, a MacUser, or a yuppie, preppie, or GenXer identified by a cluster of brand names.

4. A line extension extends the brand name into a new flavor, size, package, etc. while keeping the original product the same. Starting with Snackwell Devil’s Food Cookies and moving to Snackwell oatmeal cookies is a line extension.

A brand extension is using the same brand name for a different type of product. Snackwell ice cream or chewing gum would be an example of a brand extension.

5. Celebrities (often through their agents) use the

same techniques used to sell soap, electronics, or soft drinks. They establish a brand identity (personality) and then extend that brand name to other “products” such as movies, CDs, books, products, clothing, or food. A skilled agent can take a talented basketball player and create brand equity which can earn money even after the player retires.

### **Recommended Reading**

**Building Strong Brands** by David Aaker (The Free Press, NY, 1996).

**Selling the Invisible: A Field Guide to Modern Marketing** by Harry Beckwith (Warner Books, NY, 1997).

**Romancing the Brand: The Power of Advertising and How To Use It** by David N. Martin (American Management Association, NY, 1989).

**The 22 Immutable Laws of Branding** by Al Ries and Laura Ries (Harper Business, NY, 1998).

**Strategic Brand Management** by Kevin Lane Keller (Prentice-Hall, NY, 1998).

**New and Improved: The Story of Mass Marketing in America** by Richard S. Tedlow (Basic Books, NY, 1990).