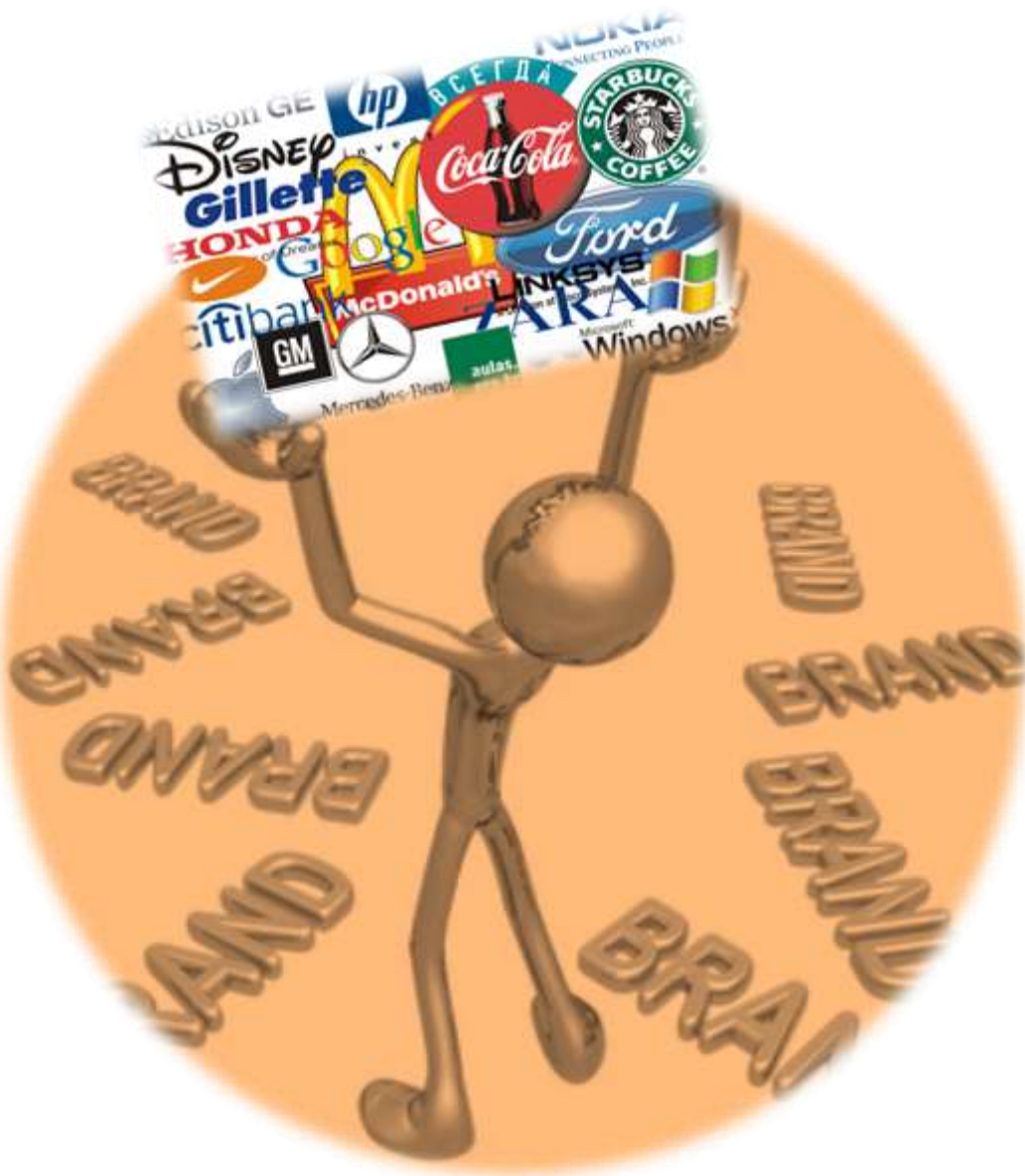


BSNS 7454 - Strategic Brand Management

## Assignment One

To brand or not to brand



Unitec, New Zealand

*Diego Romero, ID 1378051*

## TABLE OF CONTENT

### 1. INTRODUCTION

1.1. Discussion .....	2
1.2. Definition .....	6
1.3. Creation of a Brand .....	8

### 2. DEBATE

2.1. Pro-Brands .....	9
2.2. Anti-Brands .....	11
2.3. The Swoosh Controversy .....	13
2.4. Other Example .....	18

### 3. FINAL COMMENTS AND RECOMMENDATIONS .....

19

### 4. REFERENCE LIST .....

22

## 1. INTRODUCTION

### 1.1. DISCUSSION

*“TO BRAND OR NOT TO BRAND? THIS IS THE QUESTION”*

Bringing this worldwide famous quotation and opening phrase of *William Shakespeare's* play *Hamlet* to the context of this piece of work, it comes to a wide but perhaps not recent discussion in the corporate world.

To understand this argument is inevitable to mention that the corporate world of marketing and advertising has truly evolved thanks to the globalization. As a result of that, the always employed concept of *world without borders* has been enabling us as consumers to be more informed, to have more choices available and to make the best decision in regard to our needs and feelings. More impressive is that most of the time you do not even need to leave home, it is all accessible to you in one phone call or one click. Companies are no longer restricted by the old and classic vehicles such as television or radio, they are constantly seeking other manners to engage consumers to see, watch, hear, listen, read, test, examine or manifest any kind of reaction towards the huge investment in



**Picture 1:** The global, incessant and sometimes annoying battle between Brands.

producing and advertisements they have made - regardless whether we are willing to accept it or not. In truth, we barely wake up and we are already bombarded and faced with brands surrounding our lives. And so they are consistently and deliberately doing it in order to fight for our attention just to get their message across that they are more an appropriate brand option to us at that moment as opposed to others.

In sum, the present context is filled of action towards the public, and it has converted the situation into a more and more aggressive environment, with brands attempting to hit and reach out people from all sides and corners. But what actually influences us? What determines which brand to choose? The answer for that might be found in the role of **Brand Management**, which seems to be within this scenario, featuring a key part and having become a crucial piece in Marketing terms.

Along with this scenario presented, there are two well-distinguished thinking versions. On one side of the boxing ring, we have the **Pro-Brands**, the ones who defend the creation of an identity in form of Brand, logo, name, thinking, philosophy, etc. Their beliefs include the transmission of value through a well-defined as well as powerful image which would help organizations to be promoted and revert it into sales and a long-term company life. On the other side there are the **Anti-Brands**, the ones who claim lack of alignment of values between what is sold and what the company has been actually doing. This argument also consists of few other elements such as the utility, profitability, practicality or even fairness of using and taking advantage of a brand's image and/or name in order to open an easier way through and sell products and services to consumers

Hence it is through this fight, that many interrogations may arise and should be consider with the purpose of finding out what is and what would be the best option for an organization to be run, in regards to operation, branding and how it would like to be perceived among customers. Some of these questions can be illustrated by the few following ones:

*“Is it worth investing part of the available resources in something that sometimes is really hard or even impossible to measure? “*

*“Are the companies really selling and delivering the value they are promoting?”*

*“Should not the main focus be put on developing and designing products and services that would be better promoted by itself rather than image or logo behind it?”*

*“How long does it take and how expensive is to create a Brand people can definitely trust?”*

*“How consistent should be the message of a Brand to effectively reach consumers?”*

*“What could change in the consumer’s perceptions towards a company if some of its internal aspects were revealed?”*

*“Would damage to a brand turn around all the company’s reputation?”*

The discussion here is around the creation and the giving of companies’ values towards consumers through the popularity and fame of their brands and names and how perhaps it has

transcended what they are in fact in their essence- *just another way of making profit*. In other words, it also contests and question the way companies promote their products and services towards customers and for sometimes not having a synergic alignment between what is offered as value and what is actually done internally in their operations and after sales.

In general, Brands have proved they can be really efficient when communicating and “teasing” consumers about their wants, necessities, goals, expectations, dreams and needs. And so they are really proud of the effects, achievements and results they are able to get out of this relationship. However, are they at the same level of efficiency and pride when talking about their internal issues?

It is whereby the discussion takes shape.



**Picture 2:** These brands beside have usually succeeded with consumers. They can be considered the best ones in their respective fields when representing and reflecting customers' expectations, dreams and needs. But the question is: Are they as good when talking about themselves internally? Are they reflecting the same aspects they sell?

## **1.2. DEFINITION**

In theory, according to the Marketing guru Philip Kotler (2005), Brand is defined *as a name, term, sign, symbol, design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”*<sup>1</sup> (1997:443)

But not only for these aspects a Brand can be defined. While most of people state a Brand only as a logo, tag line or audio jingle, image or name, the picture is certainly much larger than that . A brand is essentially a promise of what will be delivered or experienced. By establishing well-defined Brands, it enables a buyer to easily identify the offerings of a particular company. And these brands are generally developed over time through:

1. Advertisements containing consistent messaging
2. Recommendations from friends, family members or colleagues (Word of Mouth)
3. Interactions with a company and its representatives
4. Real-life experiences using a product or service (generally considered the most important element of establishing a brand)<sup>2</sup>

By creating a Brand image, companies intend to generate a sense of expectation, experience and perception on consumers in order to build a long term relationship with them. As mentioned above, it is about making a promise by emphasizing and overvaluing what the company has got to offer in terms of qualities and benefits to customers. But most important, ensuring the delivery on that promise above all.

Once this promise - which can be represented in form of product, service or even both - is delivered, it initiates an involvement between the organization and purchaser. Thus, if the company is able to consistently keep this service up in a satisfactory or even exceeded level of expectation, the result will probably be positive and it will certainly form a chain between both parties. The natural evolution of this connection culminates in retention of these consumers till it comes to what is called *customer loyalty*. This fragment can be well-defined by Solomon (2009, pg. 287) <sup>3</sup> companies want to build ongoing relationship with customers, rather than simply causing a one-time product purchase or short-term change in behavior.

On the other hand, by not delivering on that initial promise or being ineffective when executing the plan of actions, the corporations may risk losing its consumers and the ones who on one occasion considered shifting brands. These happenings, normally originated by bad brand management, poor analysis of the market or inefficient follow-up program, may cause frustration on consumers perceptions' and their trial experience could become and represent their one-off experience which it might significantly compromise the future success of the company.

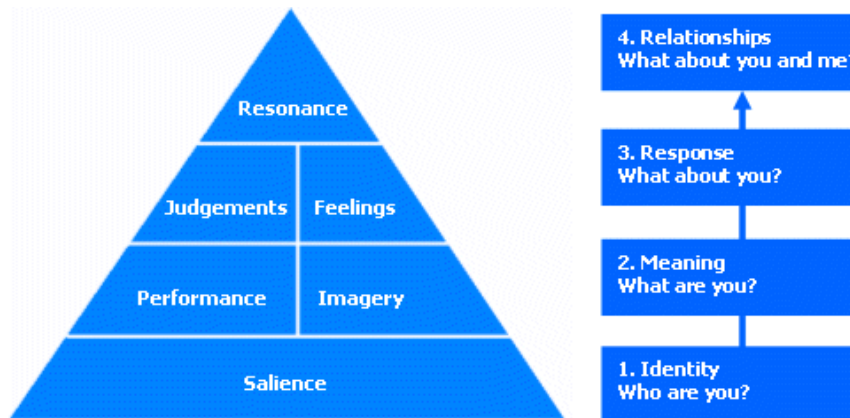
Therefore, following a basic and simple rule, in order to preserve their good image towards people, companies need to ensure consumer's first and upcoming experiences but especially when making the first contact with them. It is like the old saying "*You don't have a second chance to make a first impression*".



### **1.3. CREATION OF A BRAND**

The build-up of a Brand has innumerable ways and manners to happen, but in general it has to follow simple and structured rules. If they are not obeyed, a new entrant Brand can easily be considered as just a logo plastered everywhere not really standing for anything and without a solid meaning in people's opinion. The Customer-based Brand Equity pyramid is a more than suitable example of how a new company needs can be introduced into the market, the step-by-step of how doing it successfully without "jumping the gun" too soon. The four steps described by Keller (pg.59, 2008) <sup>4</sup> are:

- 1. Ensure identification of the Brand with customers and an association of the brand in their minds with specific product class and customer need*
- 2. Firmly establish the totality of the Brand meaning in the minds of customers y strategically linking a host of tangible and intangible Brand associations with certain properties*
- 3. Elicit the proper customer responses to this Brand identification and Brand meaning*
- 4. Convert Brand response to create an intense, active loyalty relationship between customers and the Brand.*



**Picture 3:** The Customer-based Brand Equity

## 2. DEBATE

### 2.1. PRO-BRANDS

It is difficult not to say but even though companies do not intend to create a Brand or at least they do not spend absurd amounts of hour and resources on planning how to be perceived by people, their products and services are sustained by a higher perception coming from consumers. This perception tends to lead them to draw an opinion of what this company represents to them in their minds.

As a continuous exercise, it can automatically constitute an idea, an option of that company or simply a **Brand**. Therefore, as well-described by Nancy Owyang, Creative Director and Owner of *Eye 2 Eye Graphics* on her blog called “*Eye on Branding*”, *it is a moot point because not to brand is not an option. Every business, and person for that matter, has a brand whether it's intentional or not.*<sup>5</sup>

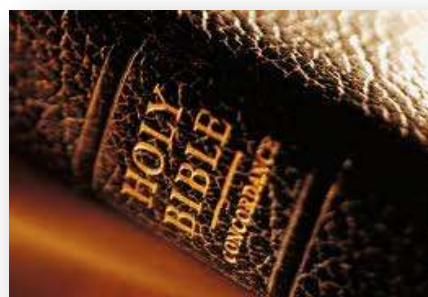


A different and interesting way to identify a Brand would be if we just assumed that it characterizes the statement of values of any organization. With that perception we could metaphorically say that the one of the oldest perceived and most successful Brands in history were the Egyptians and the pyramids. Those architectures embodied what that dynast represented

to the people in terms of values, beliefs and religion. And they transmitted and created a very well-established identity with the public – even though some of them were taken by force others spontaneously and truly believed in that “Brand”.

For that reason, it is difficult not to associate the pyramids with that civilization when thinking about the Egyptian Empire and vice-versa. The proximity of those two parties is so strong that it is almost impossible to take one out of the other. Another good example that could be given is the Catholic Church, that established the Holy Bible and the crucifix as ways through to state all its values and expectations it had on its followers.

It happens the same with Brands and companies! Once established, a Brand becomes the company and both of them walk together, turning two components into nothing less than mere synonymous in the consumers’ perception.



**Picture 5 and 6:** As a metaphor, the Pyramids and Holy Bible could be considered the first and the most effective Brands in the World because they well represented how their “companies” would like to be perceived among the public. So as Brands and companies!

## **2.2. ANTI-BRANDS**

In spite of opposing the Pro-Brand, the No or Anti-Brand argument is centered on other fundamental issues about the Brand. As exposed before, this way of thinking's main concern is related to the lack of apparent alignment between what the company strive to appear to most of its consumers and what actually they have been doing on the inside or even for promoting and selling products that may cause any harm to consumers - like obesity, addiction or dependence – provided by the effects derived from the consumption of tobacco, alcohol and the traditional fast-food restaurants.

In most circumstances, these practices are applied and used by companies in order to minimize costs, maximize their profits or for simple corporate greed. Whereas consciously or not, these organizations have been crossing the line in some cases when struggling to reach that certain revenue. The exaggerations can be seen in form of disrespect and violation of acts, for example the Human Rights one. That is one of the points where the Anti-Brand argument has complained about the global Brands.

To illustrate, these are the other key points raised of when companies are contested by the Anti-Brand model:

1. Employee member and work conditions, which can include aspects such as:
  - Low wages
  - Poor benefits
  - Lack of equal opportunities for jobs

2. Manufacturing plant location and any impact caused on the surroundings, which may encompass:
  - Global competitive advantages
  - Rapid expansion and growth
  - Low operating cost
  - Deterioration of historic centers
  - Homogenization of rural landscapes
  - Reduction of wildlife habitat
  
3. Changing-behavior and impact on consumers' life, the creation of incessant consumerism and illusory need. It includes turning something that could be considered superfluous into something essential or convincing people that they need products and services that they don't really need, etc.

In a more practical way, these listed points are within the study case below.

### 2.3. THE SWOOSH CONTROVERSY – The Nike Case Study



**Picture 7:** The Nike swoosh, one of the most recognizable logos in the world.

Undoubtedly the most successful and most recognizable brand in the globe in terms of sports clothing, Nike has always been featured as a top of mind Brand in people's perception. Its philosophy can be clearly seen as continuously investing in strong and solid slogans such as ***"JUST DO IT"***, ***"IF YOU HAVE A BODY YOU ARE AN ATHLETE"***, ***"GRIND TOGETHER, SHINE TOGETHER"*** ***"WRITE YOUR FUTURE"*** and ***"I MAKE IT LOOK EASY"***. The company has permanently stood for an active and tireless behavior. Not just that, it works intensely to involve and even challenge people to bring this inspirations and mentality out on them, with the purpose of capturing, engaging and attaching more and more followers to the Brand.

In addition to the success of these original and brilliant slogans, Nike has tactically developed endorsements with celebrities. The first most notable athlete endorsed by Nike was Michael Jordan back in 1984 and since then, the company has endorsed more than 100 athletes in almost all sports modalities. The idea is to pick one or more stars as reference to *"guide"* people towards consumption, assuming that people would be influenced by the image of their idols when wearing the *"swoosh"* – the well-known Nike logo.

In sum, these components combined have had surely an essential participation in the company's success throughout these years. The company's awareness boomed on consumers and now it is perceived as a leading organization, all thanks to the Nike as a Brand.

But Nike's life has not always been a bed of roses. There is also a "dark side" on this majestic planet of inspiration created by the company which brings attention to the debate of this piece of work. From the Anti-Brand's point of view, Nike has been contested for years and accused of being negligent in regards to the way the organizations runs its business. That includes some of the aspects discussed before, but especially the work conditions and manufacturing plant in this case.

Since the early 70's, most Nike shoes were already made in South Korea and Taiwan but as the workers gained more rights in terms of work conditions and wages increased. Nike then decided to explore other countries where its cost-of-production could be reduced and its margin could be increased. As a result, it expanded its operations throughout Asia, more specifically China, Vietnam and Indonesia, starting the "*The Nike's sweatshop Era*".<sup>6</sup>

In these places, the labor costs are ridiculously low; Chinese workers make U\$1.75 a day; Vietnamese workers earn U\$1.60 a day; and Indonesian workers receive up to \$2.46 a day, which is completely unacceptable. Whereas for these workers, an employment at a Nike factory is maybe the only way for them to get out of grinding poverty. However as articles, interviews in the press and documentaries have shown, the factory's work condition can grind down employees through a variety of means: mandatory overtime, sheer monotony and worse, exposing them to under human and dangerous conditions, for example breathing toxic solvent fumes all day.<sup>7</sup>

In self-defense, Nike always announces that it does not own any of the factories where its shoes are produced; it only contracts the work to various factory owners. Nike declares it is in the business of "marketing" shoes, not producing them. However, it is known Nike dictates the

terms to the contractor: the design, the materials, the price that is paid. While companies like Nike used to try to avoid responsibility for factory conditions by saying they were "just the buyer," the anti-sweatshop movement has made this excuse unacceptable and forced the retailers—who are, after all, the ones who make the greatest profit—take responsibility for the workers who make their products.<sup>6</sup>

For those external - from the public and human rights groups - and internal pressures – with strikes in these countries where it operates - Nike made improvements. These improvements consisted in efforts to improve working conditions for its contracted workers. Here are some examples:

- During 1998, a dangerous petroleum-based chemicals used in most factories were replaced by less harmful alternatives.
- In 1999, wages in the Indonesian factories were increased to rates higher than minimum wage. The company also agreed to allow random factory inspections from the Fair Labor Association, and to set up independent monitoring with both US and international organizations. Finally, Nike added its own on-staff team of nearly one hundred workers who are responsible for performing inspections of the company's partner factories. Inspectors must score the factory on factors ranging from employee safety to humane working conditions. They then meet with factory managers to address problems that are found.
- In 2002, Nike issued a company Code of Conduct to all its factories, regulating the conditions and safety requirements that work should be conducted by.



- The company's 2004 Responsibility Report established further health and labor standards, and described increased monitoring plans. This 2004 report was considered a major victory for workers and many human rights groups, because Nike included a full list of its factories and their addresses throughout the world. This has allowed for independent monitoring and investigations. While these were perceived as positive efforts on Nike's part, the human rights campaign against the company have not ended.

Nevertheless all effort in order to find a solution that would suit all sides, according to the Educating for Justice Group, between 50 and 100% of Nike factories require more working hours than those permitted by the Code of Conduct. In 25 to 50 % of factories, workers are still been required to work 7 days/week, and in the same percentage of factories, workers are still paid less than the local minimum wage.<sup>8</sup>

A demonstration and an interesting Anti-Nike viewpoint can be seen on this video called ["Behind the Swoosh"](#) by Jim Keady <sup>9</sup>, who was an athlete sponsored by Nike that suddenly decided to check the company's operation and work conditions "*in loco*".



**Picture 8, 9, 10 and 11:** Mixed signals? The top pictures well illustrate the feelings Nike wants to emerge on consumers such as the sense of freedom, space and determination. The bottom ones show workers and the conditions at a Nike Factory in Vietnam, country which according to the source produces 75 million pairs of shoes/year. This represents an enormous and brutal lack of connection and alignment between these two worlds, which is strongly highlighted by the Anti-Brands mindset.

## 2.4. OTHER EXAMPLE

Despite of those issues mentioned above, Nike has never been directly affected in a way that could extinguish its Brand. However, this following company had a very irreversible impression in consumer's perception for bad management by selling a product and not properly checking its functionality before delivering to them. For that, the Brand paid a high price, the termination of the company.

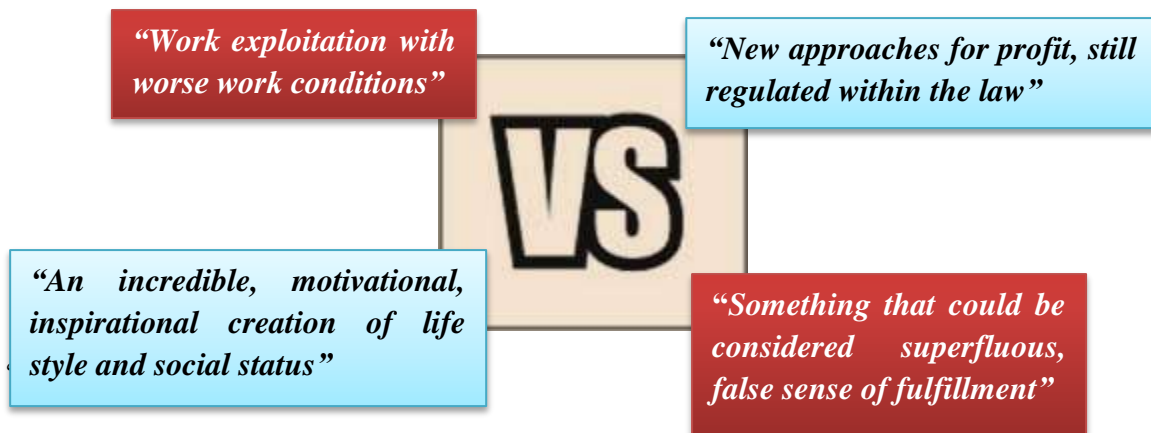


### **Sharper Image - Buy, but do not inhale**

*Started in 1977 as a catalog selling jogging watches, the Sharper Image eventually grew into a high-end customer electronics store. As iPods and other branded, high-tech items took over the store's traditional market share, it launched into the infomercial business with the Oreck vacuum and Ionic Breeze. Unfortunately, the Ionic Breeze did not purify the air as it said it did. After losing a lawsuit against Consumer Reports for a negative review, the testing company released findings that the Ionic breeze actually produced trace levels of ozone. In 2008, the store went bankrupt, forcing shoppers to buy their overpriced, Japanese made, brushed steel, throw-away executive gifts elsewhere.<sup>10</sup>*

### 3. FINAL COMMENTS AND RECOMMENDATION

The discussion presented is completely relevant and intriguing because it either can take you to the dispute between:



It just depends on your interpretation and what side you are on.

As conscious human-beings, it is hard to admit conditions as described in the Nike factories, for example and well-illustrated on the suggested video. From the ethical and moral point of view is an unacceptable situation if we imagined this has been done just to lower costs and make larger the profits. It can be considered more absurd, endorsing an athlete for hundreds of millions of dollars per year just to wear a certain product when at the same time thousands of people live in the close or below the poverty line. Therefore, the Anti-Brands argument is valid is this point. But reflecting for a second, are not we, as consumers, adding fuel to the flames when purchasing and supporting products and services of those brands even unconsciously? What those Anti-Branders wear and eat when fighting for those unfortunate? Are not we fully engaged already in

this Branded world? The answers may vary but as a Pro-Brander I strongly defend the creation as well as the maintenance and investment of a Brand as a way to reach out consumers, offering them a chance to change their life-style in a positive way as long as companies follow and live by the same principles they are stating, internally and externally, it means including its internal and external public (employees and consumers). It is proved that once well-established and well-structured, a Brand initiates a bond and connection with consumers if well-driven will certainly bring benefits to both sides. For that, it is necessary for the companies to ensure promises will be delivered as advertised, avoiding the risk of losing public or worse, going through an internal and endless crisis which may culminate in an inevitable closing down.

Taking again the company as example, in the recent 2011 Nike's Code of Ethics, it is established how they want their business to keep on succeeding, which includes points as:



### **ENVIRONMENT, SAFETY AND HEALTH**

NIKE is committed to providing safe and healthy work environments and to being an environmentally responsible corporate citizen. The NIKE standard, at a minimum, is to comply with all environmental, safety and health laws and regulations. NIKE is committed to minimizing the impact of our business on the environment with methods that are socially responsible, scientifically based and economically sound.

### **MATTER OF RESPECT**

NIKE knows that people perform best in a work environment free from unlawful harassment and discrimination, and we want to be sure that harassment and discrimination of all types does not occur at NIKE. To that end, NIKE's policy prohibits discrimination and harassment, seeks to prevent harassment and provides employees with an effective complaint process. Employees must take care to treat others the way they would expect to be treated, as professional adults, respectful of the diverse workforce NIKE enjoys. All employees are responsible for creating and maintaining a work environment free from harassment or other inappropriate behavior.<sup>11</sup>

As huge fan of the Brand and hopefully a future staff of its Marketing Department, I particularly believe it is a good initiative if Nike really intends to turn the reality around and be perceived as a friendly-Brand too. But once again, promises need to be fulfilled otherwise it may cause even more frustration on consumers or Anti-Brand activists who seek for better conditions within the corporate world.

#### 4. REFERENCE LIST

1. Kotler, P. (2005) *Principles of Marketing (13<sup>th</sup> ed.)* Pearson.
2. Persuasive Brands (2012). *What is a brand?* Retrieved 2012 from [http://www.persuasivebrands.com/Topics\\_Brand\\_Definition.aspx](http://www.persuasivebrands.com/Topics_Brand_Definition.aspx)
3. Chitty, W., Barker, N., Shimp, T. (2008). *Integrated Marketing Communications (2nd ed.)*. Melbourne: Cengage Learning Australia Pty Limited.
4. Keller, K. L. (2008). *Strategic brand management : building, measuring, and managing brand equity* (3rd ed.). Upper Saddle River, NJ: Pearson/Prentice Hall.
5. EYE2EYE GRAPHICS (2011) *What is a Brand?* Retrieved 18 February 2011 from <http://eye2eyegraphics.wordpress.com/>
6. Global Exchange (2012) "Nike FAQs" Retrieved 2012 from <http://www.globalexchange.org/sweatfree/nike/faq>
7. Zero Drop (2011) "Just sew it!" Retrieved 13 January 2011 from <http://zero-drop.com/?p=1614>
8. Beach, E. (2012) "Facts about Nike sweatshops" Retrieved from [http://www.ehow.com/about\\_5485125\\_nike-sweatshops.html](http://www.ehow.com/about_5485125_nike-sweatshops.html)
9. Vimeo (2012) "Behind the swoosh" Retrieved from <http://vimeo.com/6109896>
10. Business Pundit (2009) "The 25 worst business failures" Retrieved 14 January 2009 from <http://www.businesspundit.com/the-25-worst-business-failures-in-history/>
11. Nike Annual Code of Ethics 2011 Retrieved from <http://investors.nikeinc.com/Theme/Nike/files/2011%20Inside%20the%20Lines%20online%20booklet%20FINAL%2011-10-26.pdf>
12. Images retrieved from Google Images