

Brands: A lifeline for businesses in turbulent times

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The economic recession has led to an increase in generic brands. Does it make any difference to have a brand name anymore?

In 2005, the volume of sales of generic brands reached 35 percent in Spain, a percentage that has soared in recent months due to the global economic context, mainly in categories such as food. Generic brands have improved their value and offer a more sophisticated selection. Such is the case of Hacendado, the store brand of the Mercadona supermarket chain: its below-average prices and high quality have won over many consumers.

Meanwhile, leading brands fight to grab the attention of consumers, who are increasingly well-informed and less faithful to any given product in markets where competition is fierce and the setting ever-changing. In this context, one of the few alternatives available to businesses is to try to stand out, as a way to win consumers' trust, and to do it through strong, well-managed brands.

In [*La marca y sus circunstancias*](#) (*The Brand Name and Its Circumstances*), [IESE Prof. Juan Manuel de Toro](#) offers a guide for strategic management of brands, a key asset for the survival of most companies. The book examines essential elements, both internal and external, using a large number of examples and reviewing the literature on this subject.

It also addresses branding architecture and its extension strategies and systems for evaluating brands. This particular chapter is signed by IESE [Prof. Pablo Fernández](#).

De Toro also presents the latest trends in this field, such as emotional branding, communication through new channels such as the Internet and mobile telephones, and

guerrilla marketing.

How to strengthen a brand

According to Young & Rubicam, the strength of a brand is determined by the development of four key attributes: differentiation, relevance, esteem and knowledge. The first two determine the strength of the brand - its intrinsic capabilities and its relationship with consumers. The other two serve to establish how well-known a brand is in the market and the impact it makes there.

The development of these attributes is sequential: for one of them to exist, the one before it has to be developed. In other words, for a brand to be relevant, it has to have achieved a certain level of differentiation.

A brand name helps consumers identify the different products on display and differentiate them from others which are similar. For this reason, it must not be a concept that is static in time. Rather, a brand must evolve and adapt to changes that take place in its surroundings, although without losing its identity and the personality which gives it meaning, unity and coherence. A good example is Coca-Cola, which has managed to renew itself constantly and retain an image that is fresh and young, while maintaining the original formula of its main product as a sign of its identity.

These features make the brand comparable and differentiable from others, and allow the consumer to associate things with it, depending on their motivations and interests. For instance, with the El Corte Inglés brand, a consumer can make positive associations, such as high-quality products, wide selection and complete safety, but also negative ones, if the consumer associates this brand with higher prices than those of the competition.

Furthermore, these days brands are no longer just tools for identification. Rather, they have become a focus of emotions and experiences. Many consumers establish bonds with brands, and these links go beyond strictly commercial limits. Indeed, people establish emotional links of trust, faithfulness, attachment and even desire with firms such as Adidas, Audi or Zara.

A brand's values and attributes can also serve as a distinctive reference point for the company's employees, creating a strong internal culture that is later translated externally in its relationship with the consumer. Body Shop illustrates this idea quite well. Its employees believe firmly in the company's products and in the causes it defends: ecology, the environment and so on.

Meanwhile, a brand name allows innovations introduced in the market to be associated with it immediately. In this way, the company behind the brand gains a competitive advantage, because even though the competition can copy this novelty, it will never be able to call itself the pioneer in making it available.

Current challenges

Developing brands is very costly these days. Even if a company becomes very powerful, it is more and more difficult to retain that position. This stems, first of all, from price competition, which is the result of huge growth by large-scale retail outlets and chains, and growing awareness of such stores' own brands. A brand's director is constantly tempted to lower prices to boost sales, but such a decision could hurt the brand's image over the medium term.

At the same time, an increase in the number of competitors has caused major fragmentation in the market, greater pressure on prices and the appearance of more and more brands. To cope with this, companies are developing increasingly sophisticated segmentation systems, such as those used by Banco Santander or BBVA.

In line with this, we are also seeing major fragmentation of the means of branding: there are more and more marketing tools available, and this makes it hard to come up with a coherent strategy that features all of them.

What's more, many companies have a complex structure of brands and sub-brands, which, if not managed properly, can distort the company's overall image.

Finally, short-term pressures complicate the proper management of a brand, which is an asset that must be planned over the long term.

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