Branding

UCSD MGT 100 Week 7

Kenneth C. Wilbur and Dan Yavorsky

Branding

- Logos

- Netflix & Kraft case studies

- What is a brand?

- How do brands influence choice?

- Brand vs. Performance advertising

- Ads measurement

FedEx Express

BR baskin robbins

TOBLERONE

amazon.com

VAIO

QUALCOMM

Pre-2010

October 6, 2010

October 12, 2010

Pre-2012

Dec. 10, 2012

Dec. 15, 2012

"While I believe the design element in question would win wide acceptance over time, it also is important that we listen to and respect what has been a significant negative response by students, alumni and other members of our community."

--Steven Dooley, UC SVP-External Relations

Westinghouse logo, licensed by CBS to
- Westinghouse Electric Co. (nuclear energy)
- Westinghouse Digital LLC (LCD and LED televisions)
- TECO-Westinghouse Motor Group (electric motors)
- Westinghouse Lighting Corporation (light bulbs and fixtures)
- Westinghouse Solar
- Nordyne, d.b.a. Westinghouse Heating and Cooling (HVAC)

….and several more

What does Westinghouse produce?   Nothing

Case study : Netflix

- 1997: Founded to deliver moves over the internet

- 1999: Pioneered DVD-by-mail

- 2007: Launched streaming

- 2011: July price hike, Sept service split into

  - Netflix: Video streaming

  - "Qwikster": Rebranded DVD-by-mail service

Qwikster From Netflix: The Worst Product Launch Since New Coke? [OPINION]

September 19, 2011 by **Chris Taylor**

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Customers fume over Netflix changes

By **Doug Gross**, CNN
updated 11:49 AM EDT, Tue September 20, 2011 | Filed under: **Web**

Jason Gilbert

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# Netflix Announces Qwikster, A DVD Service That Should Die Qwikly

Netflix Case study : Takeaways

- Brand adjustments require consumer acceptance

  - You own the IP, not the mental real estate

  - Smaller steps encounter less resistance

- Great brands monitor customer perceptions

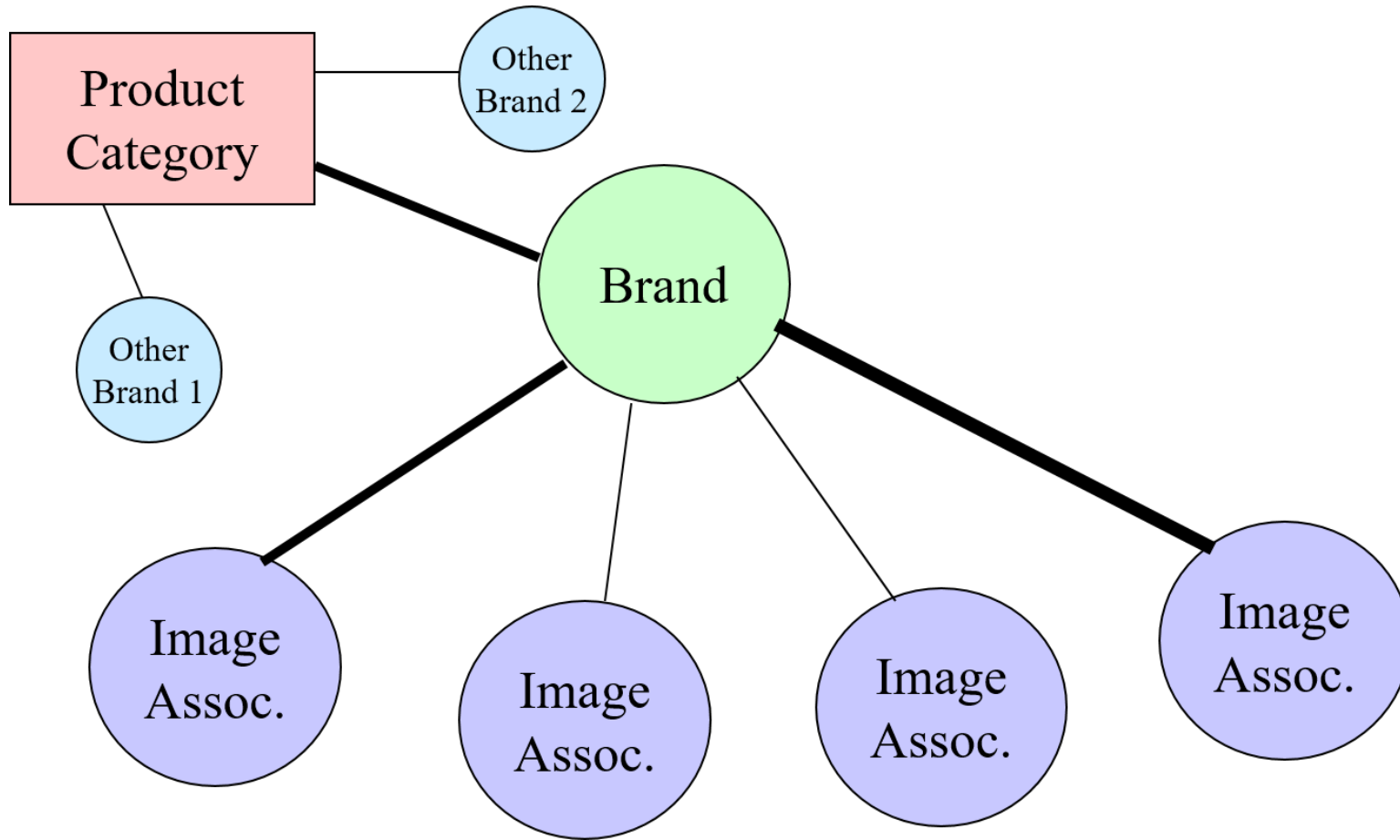- If you mis-step, change course

  - Some news is bad news

Case study : Kraft Mac n Cheese

What is a brand?
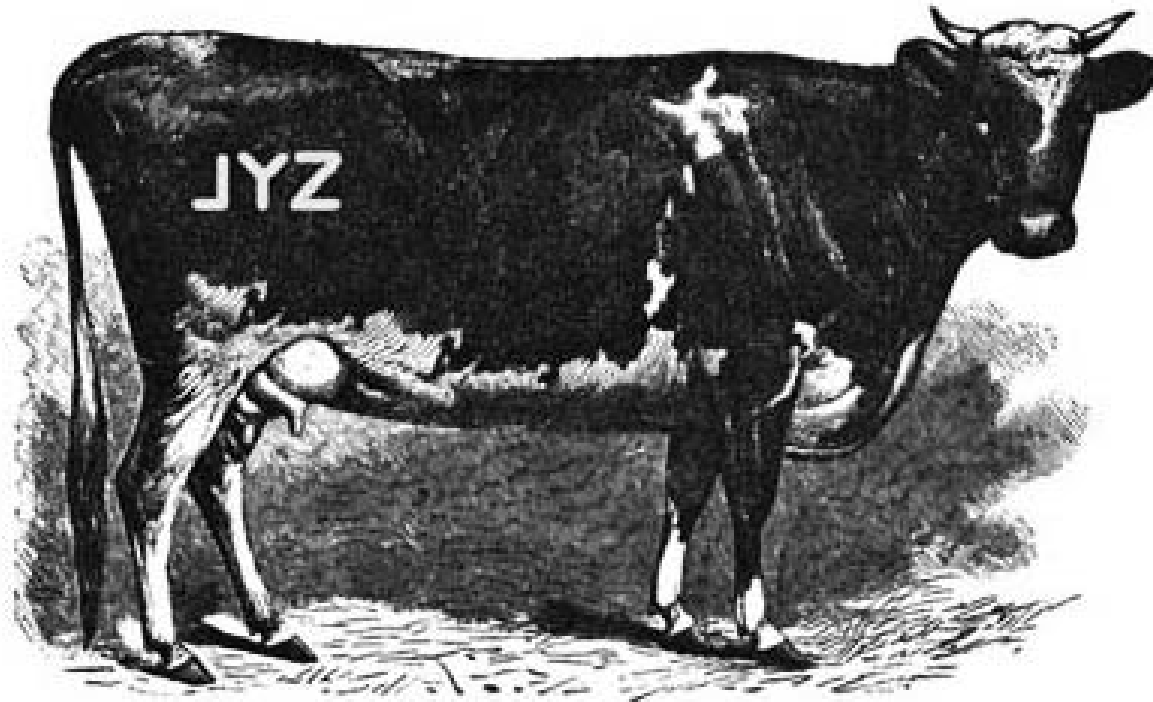
CATTLE BRAND.

What is a brand?

- An *idea* that shifts preference

- Brands reside in consumers' minds

    - Mental real estate: Firm owns trademark but not brand

    - Rooted in reality but reflects consumer experiences, perceptions and idiosyncracies
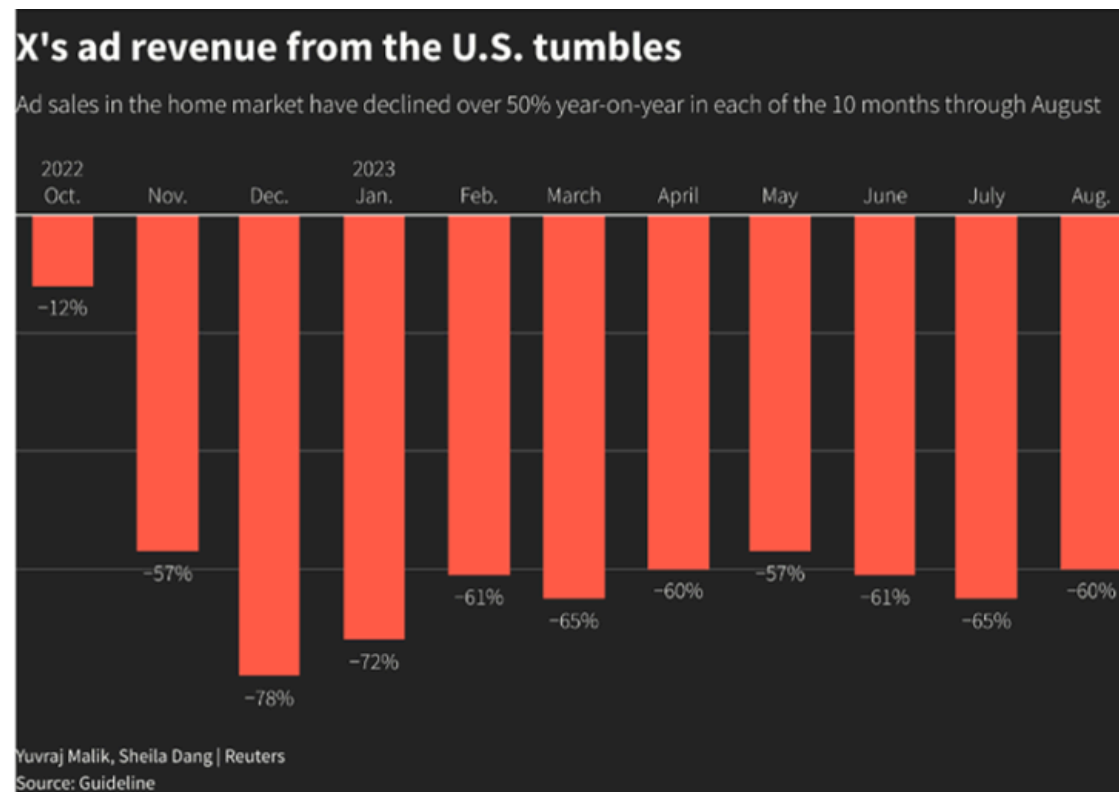
Some auto-associative sequences

Just do…	It (Nike)
I'm lovin'…	It (McDonald's)
Because you're…	Worth it (L'Oreal)
The Ultimate Driving…	Machine (BMW)
A Diamond is…	Forever (De Beers)
Think Outside the	Bun (Taco Bell)
Hulu has live…	sports
What's in your…	Wallet (Capital One)
Red Bull gives you…	Wings
Built Ford…	Tough
Like a Good Neighbor, …	State Farm is there
America runs on…	Dunkin

- Why do firms spend so much to create these associations in consumers' minds?

What association?

Brand Safety, Content Moderation

- Brands try to avoid unsavory associations–misinfo, hate, violence, obscenity, etc–as they may upset consumers, generate embarrassing publicity, and create unfavorable brand associations

- Brands have long demanded advertising platforms maintain "brand safety"

X's ad revenue from the U.S. tumbles

Ad sales in the home market have declined over 50% year-on-year in each of the 10 months through August

Yuvraj Malik, Sheila Dang | Reuters
Source: Guideline

Reuters Graphics

How do Brands Work?

1. Credibility

2. Rapid communication

3. Personality & Self-expression

4. Gestalt

1. Credibility

See Size Options

Bayer Aspirin Regimen Low Dose 81mg, Enteric Coated Tablets, 300-Count

$11.38 ($0.04/Count) Subscribe & Save
Save more with monthly Subscribe & Save deliveries.

$11.98 ($0.04/Count) ✓Prime
Get it by **Friday, Dec 26**

More Buying Choices
$11.95 new (33 offers)

#1 Best Seller in Aspirin

Show only Bayer Aspirin items

★★★★✬ ▾ 273

See Size Options

Kirkland Signature Low Dose Aspirin, 2 bottles - 365-Count Enteric Coated Tablets 81 mg each

$9.29 ($0.01/Count) ~~$13.28~~ ✓Prime
Get it by **Friday, Dec 26**

More Buying Choices
$3.99 new (24 offers)
$6.22 open box (1 offer)

Show only Kirkland Signature items

★★★★✬ ▾ 282

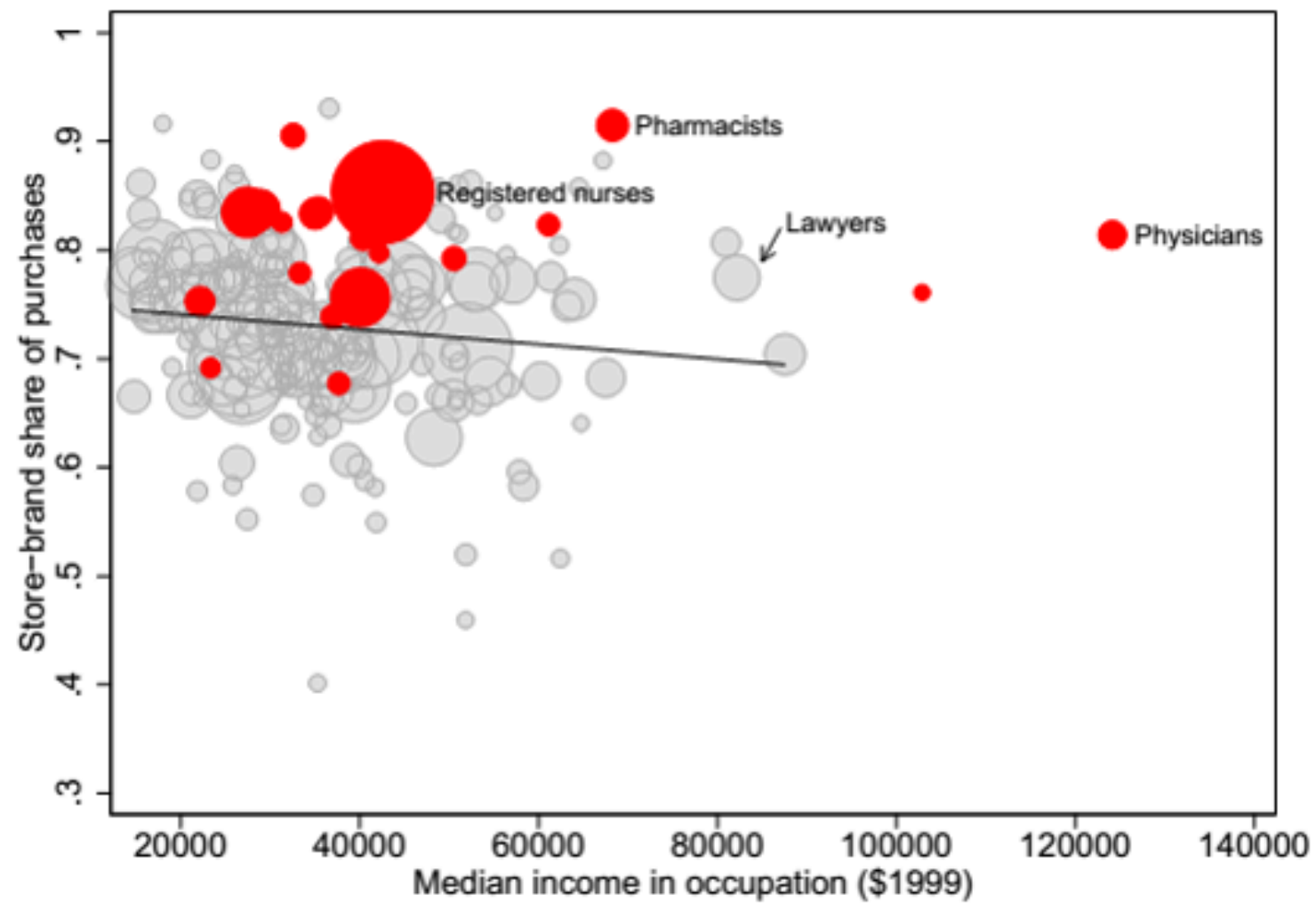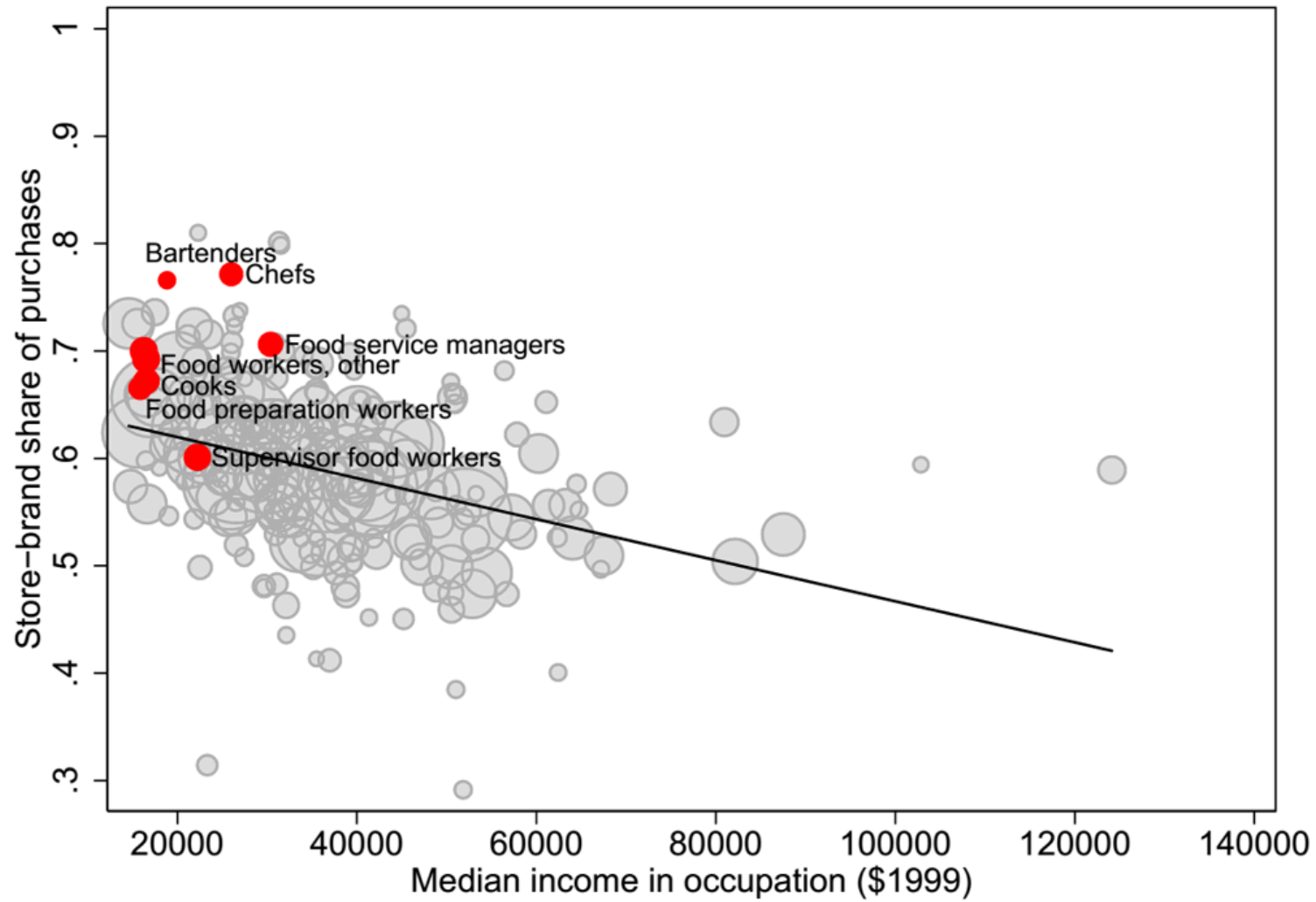Figure 4: Store-brand purchases and occupation, headache remedies

Figure 5: Store-brand purchases and occupation, pantry staples

Figure 5: Store-brand purchases and occupation, pantry staples. Scatter plot with Median income in occupation ($1999) on the x-axis (ranging from 20000 to 140000) and Store-brand share of purchases on the y-axis (ranging from .3 to 1). Red points are labeled: Bartenders, Chefs, Food service managers, Food workers, other, Cooks, Food preparation workers, and Supervisor food workers.

What happens when consumers gain knowledge?

- Bron. et al. (*MkSc* 2020): Intercepted shoppers in-store

- First, a survey, including:

  - Q2: Do you prefer private label or nat'l brand? (PL=1)

- Then, a blind brand/PL taste test, followed by

  - Q3: Which did you prefer? (PL=1)

  - Q4: Will you buy PL next time?

Table 7. Valence of Beliefs Update and Intention to Purchase

| | | After taste test: | | |
| | | Will buy private label next time? | | |
		No	Yes	Total
Valence of updating during taste test	Negative update $(Q_2 = 1, Q_3 = 0)$	16	36	52
		30.77%	69.23%	100.00%
	Positive neutral $(Q_2 = 1, Q_3 = 1)$	12	225	237
		5.06%	94.94%	100.00%
	Negative neutral $(Q_2 = 0, Q_3 = 0)$	67	69	136
		49.26%	50.74%	100.00%
	Positive update $(Q_2 = 0, Q_3 = 1)$	9	230	239
		3.77%	96.23%	100.00%
	Total	104	560	664
		15.66%	84.34%	100.00%

Notes. The total number of respondents (N) is equal to the number of survey respondents who have a purchase history in the category surveyed. Q_2- Do you think you will prefer the Private Label brand? (pretest) Q_3- Did you prefer the Private Label brand?

PL Share among Surveyed Shoppers
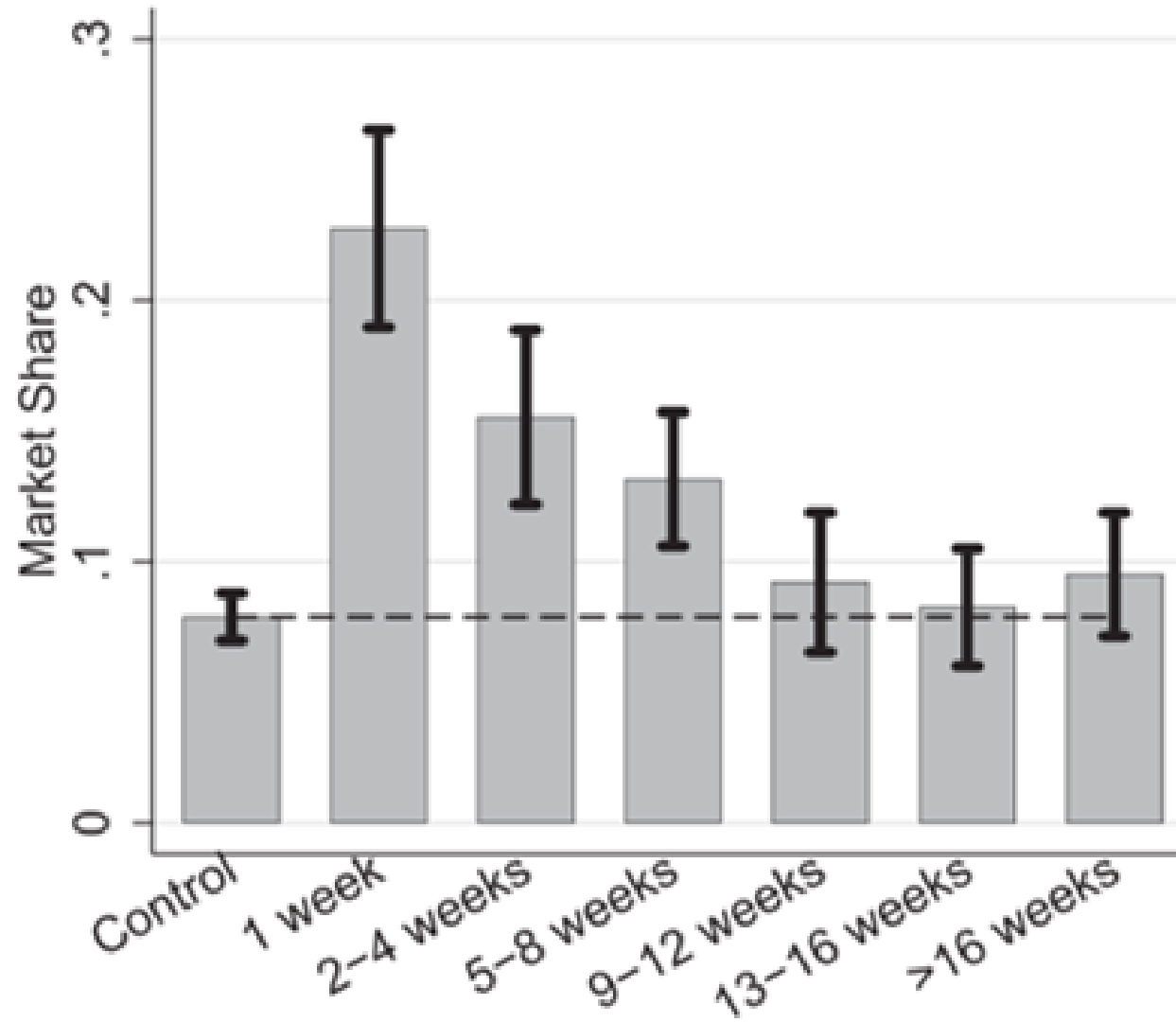
1. Credibility : Takeaways

- Less-knowledgeable consumers are more likely to pay the brand premium

  - Recognized brands assumed better/safer than alternatives

- Informing consumers can change brand/PL sales

  - Changes may be transitory

2. Rapid communication

- Names and graphics

  - facilitate understanding

  - call attention to differentiating attributes

- What is the value proposition?

3. Personality & Self-expression

Average scores on a scale of 1-10

Who is most & least LIKEABLE?

The GEICO gecko	7.80
Dennis Haysbert's character from Allstate Insurance	7.66
Flo from Progressive Insurance	6.98
Jake from State Farm Insurance	6.78
Professor Burke from Farmers Insurance	6.70
The Aflac duck	6.46
Erin from Esurance	6.06
Mayhem from Allstate Insurance	5.63
The General from General Insurance	5.51
The GEICO caveman	5.12

Brands can

- Express shared identities: UC San Diego, San Diego Padres

- Personify seller attributes, eg Jordan Brand, Kylie Cosmetics

- Common brand "personalities"

  - Classic/sincere, eg Hallmark, In-n-Out

  - Competent, eg IBM

  - Exciting/fun, eg Snapchat, Scion

  - Sophisticated, eg Tiffany

  - Calm/peaceful (more common in East Asia)

4. Gestalt

Taste test when the same peanut butter wears different labels

Taste test where a high quality product wears an unrecognized brand

Creating artificial differentiation

Vodka Definition (ATF reg. 27 CFR 5.22):

Neutral spirits so distilled, or so treated after distillation with charcoal or other materials, as to be without distinctive character, aroma, taste or color

$45.99
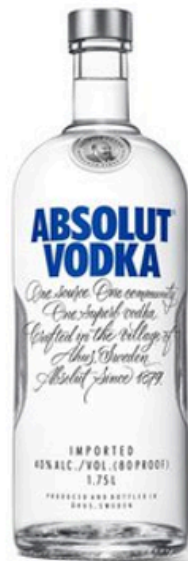
$21.99

What's in a name?
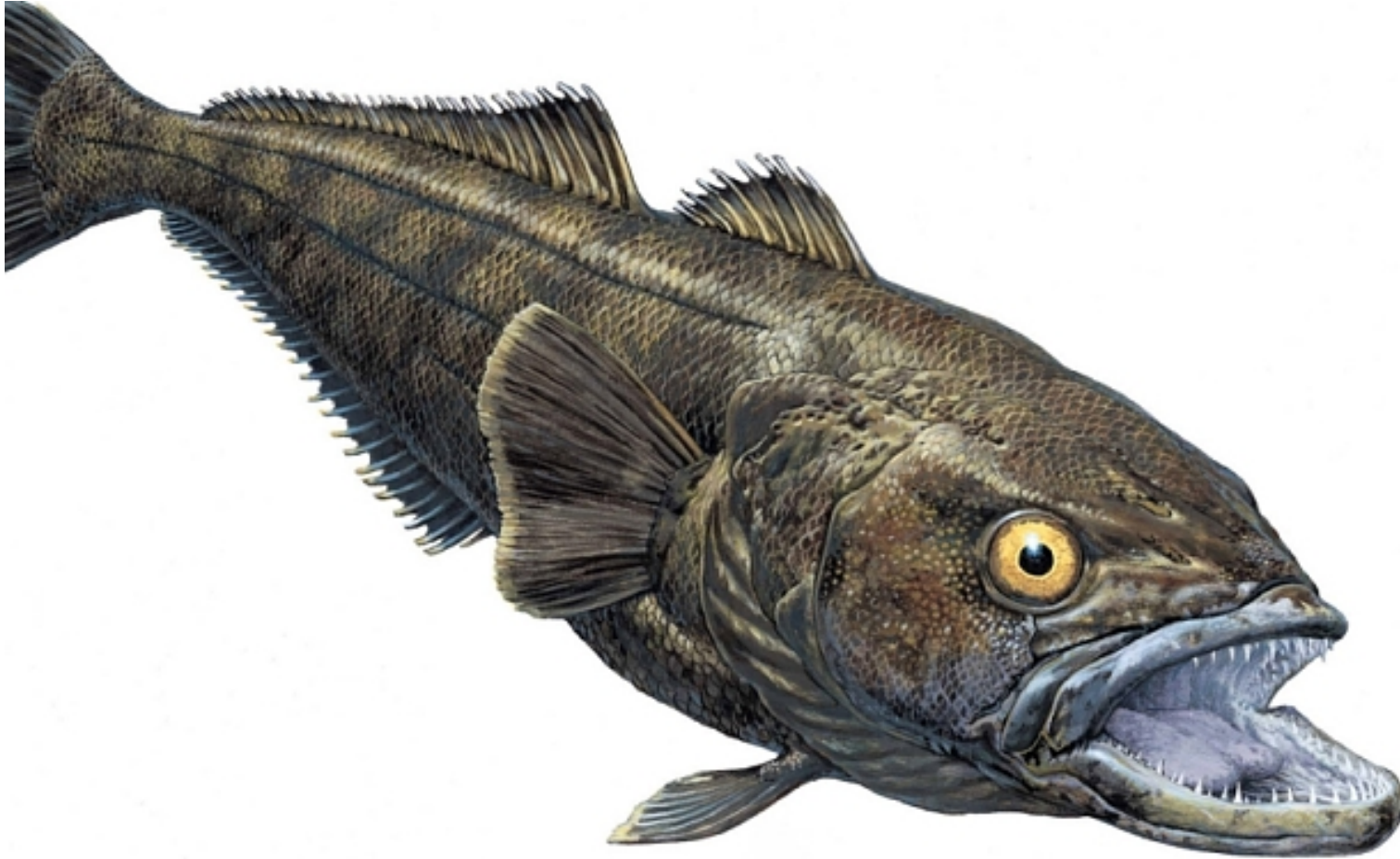
Brand Ads vs. Performance Ads ?

Brand is Dead?

Peter Weinberg • Following
Co-Founder, Evidenza | Synthetic Marketing Research
6d • Edited • 🌐

"Brand is dead," says famous brand Scott Galloway.

Jon and I were so appalled by Galloway's recent anti-brand tirade that we dedicated an entire podcast episode to de-bunking it.

Galloway gives great life advice, but his marketing takes are consistently terrible.

First and foremost, Galloway gets his facts wrong.

He claims that big companies like Amazon don't invest in advertising, even though Amazon is the largest advertiser on Planet Earth. When Jon Evans politely pointed that out, Galloway moved the goalposts, claiming that Amazon's spending is all direct response.

That's wrong too --- Amazon spends an estimated $300MM a year on TV ads. Most big brands invest in brand advertising. God bless James Hurman, who did the math and showed that the "big players" Galloway cites represent 7% of global ad spend.

Brands have existed since the dawn of civilization and will exist long after we're all dead. Brands exist because of a quirk in the human brain --- we don't want to waste hours evaluating every product, so we default to fast/easy choices (AKA brands).

Introduction to Programmatic Advertising

Cross-Device Targeting

Automated Ad Buying

Programmatic Direct

Real-Time Bidding /(RTB/)

Dynamic Creative Optimization /(DCO/)

Data-Driven Targeting
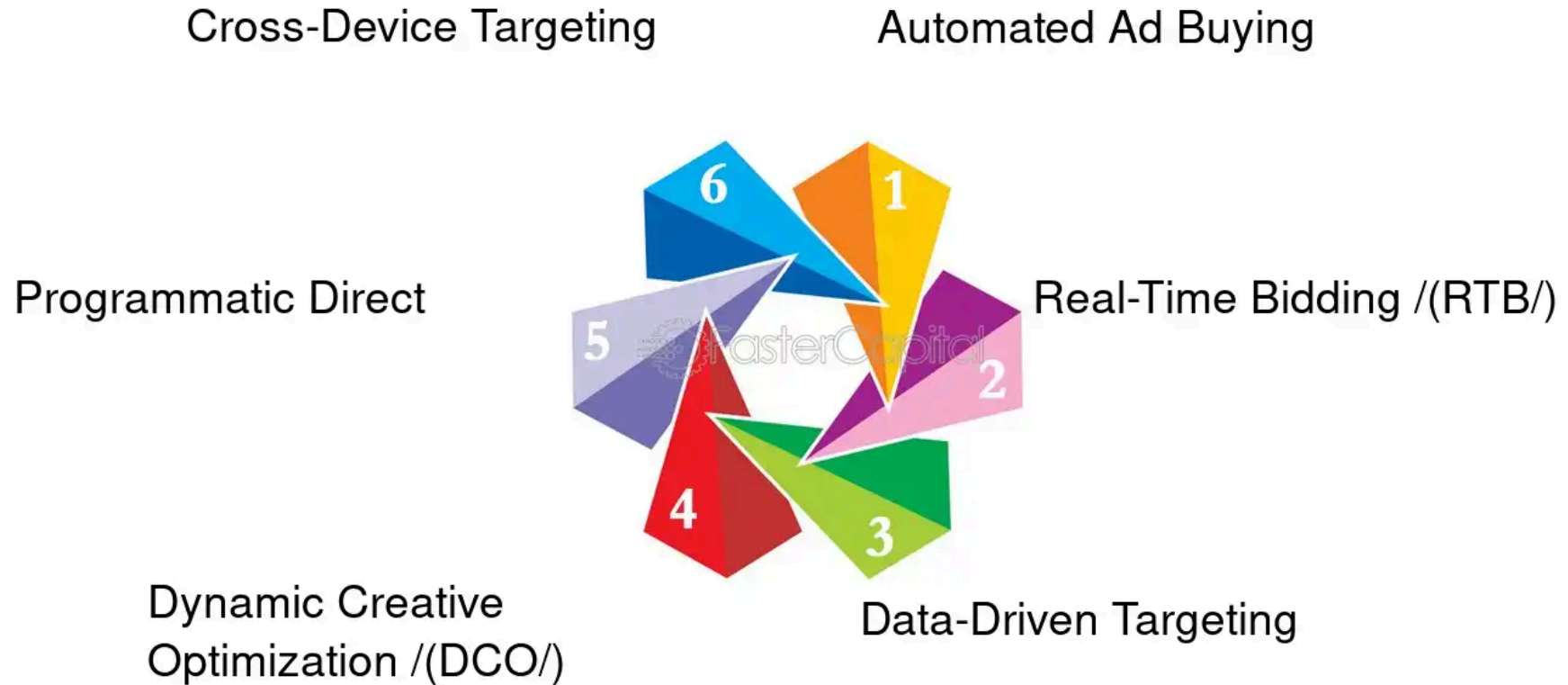
IAB Glossary defines *Programmatic* as "using technology to automate and optimize...the

Advertising Revenue ($ billions) by year (2019–2024), stacked bars of Non-Programmatic and Programmatic (including Search).
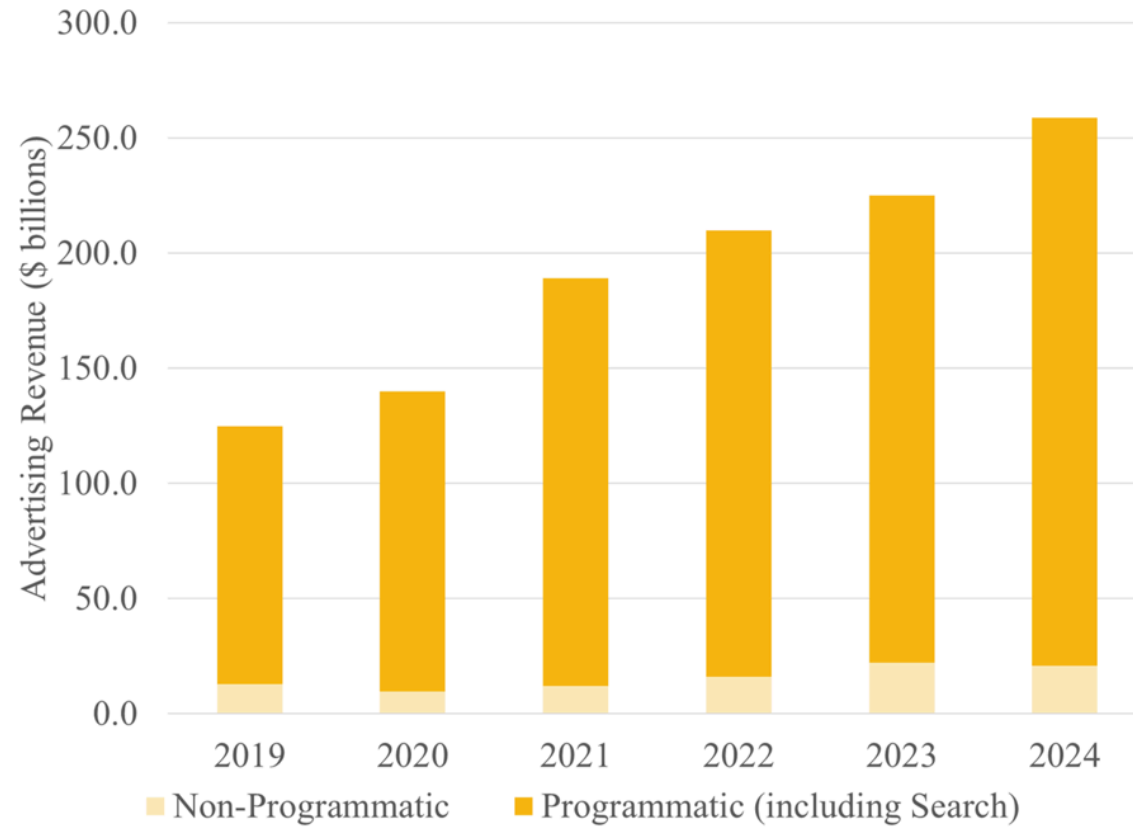
Mark Zuckerberg just declared war on the entire advertising industry

Zuckerberg: But there's still the creative piece, which is basically businesses come to us and they have a sense of what their message is or what their video is or their image, and that's pretty hard to produce and I think we're pretty close.

And the more they produce, the better. Because then, you can test it, see what works. Well, what if you could just produce an infinite number?

Zuckerberg: Yeah, or we just make it for them. I mean, obviously, it'll always be the case that they can come with a suggestion or here's the creative that they want, especially if they really want to dial it in. But in general, we're going to get to a point where you're a business, you come to us, you tell us what your objective is, you connect to your bank account, you don't need any creative, you don't need any targeting demographic, you don't need any measurement, except to be able to read the results that we spit out. I think that's going to be huge, I think it is a redefinition of the category of advertising.

Programmatic downsides

- Infrastructure maximizes correlational returns

- Attribution/credit "stealing"

- Many relevant outcomes: Difficult to measure

- Goliath sellers, illegal monopolies, enshitification

- Fraud, Algorithmic opacity, Privacy regulations

- "Ad Tech Tax" : 20-50% of ad spend

DISPLAY LUMAscape
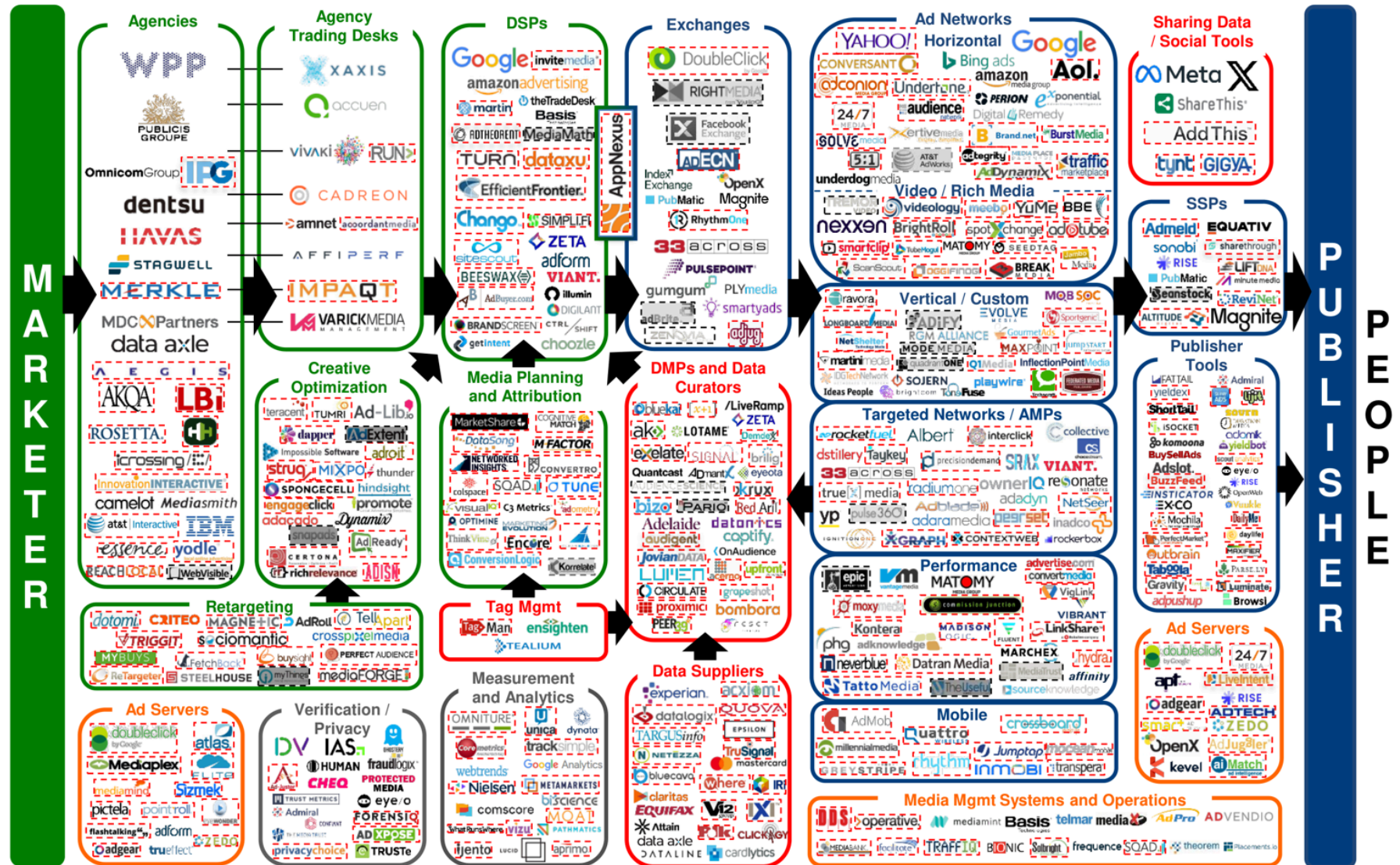
A tectonic shift that paid off, literally 💸

Two years ago, Airbnb made the shift from a performance-centric marketing strategy, to a brand-centric one.

That meant dialing down spending on search marketing, pay-per-click and other conversion driven activities, while turning up PR, investing in more out-of-home advertising and nurturing previous users to boost retention.

According to Tracksuit data, in the US they have 86% brand awareness (on par with Hilton – a brand that was founded in 1919) in the travel accommodation category that has over 196 million people in it.
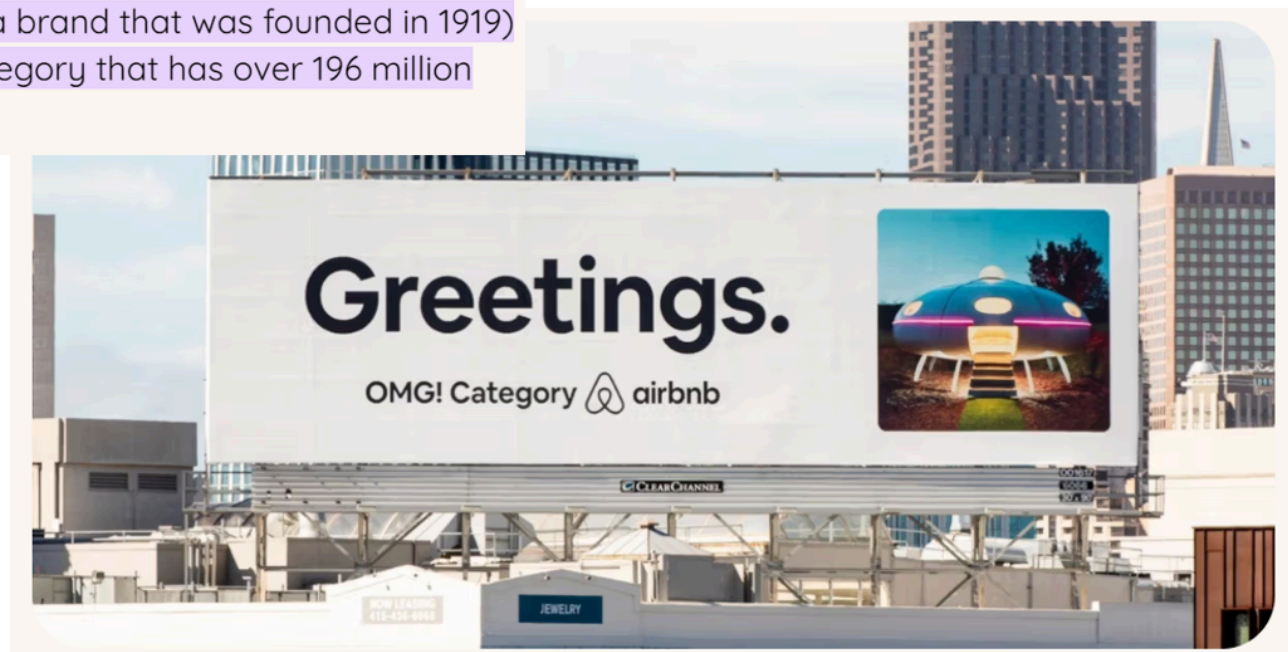
Airbnb vs Competitor Brands

Filtered by: Oct 2024 — Dec 2024 | All demographics | Accommodation Services | United States

Airbnb

Awareness	86%
	60%
Consideration	52%
Investigation	53%
Usage	44%
	33%
Preference	17%

Booking.com

Awareness	74%
	58%
Consideration	43%
Investigation	44%
Usage	35%
	28%
Preference	12%

Competitor Average

Awareness	57%
	63%
Consideration	36%
Investigation	35%
Usage	30%
	28%
Preference	10%

Expedia

Awareness	83%
	60%
Consideration	50%
Investigation	54%
Usage	46%
	28%
Preference	14%

Hilton

Awareness	86%
	73%
Consideration	63%
Investigation	61%
Usage	56%
	35%
Preference	22%

Marriott

Awareness	81%
	74%
Consideration	60%
Investigation	57%
Usage	52%
	33%
Preference	20%

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However, Airbnb proves that you need to make brand and performance work together

Though Airbnb is an ideal case study for the power of brand, due to its outspoken advocacy for how brand strategy makes an impact on its profitability, the company also knows one can't exist without the other.

Brian Chesky, Airbnb's CEO, compares performance marketing to a "laser", telling Lenny's Podcast that performance clearly has its place. "We used to have this metaphor of lasers, flash bulbs and chandeliers. If you want to light up a room, performance marketing is a laser. You don't want to use a bunch of lasers to light up an entire room – you should use a chandelier. That's what brand marketing is.

"Performance marketing, though, doesn't create very good accumulating advantages because it's not an investment."

Airbnb's CFO: We made the right decision

Marketers often tell us about their struggle fighting for more investment (or worse, to avoid budget cuts). Usually, these conversations involve a CFO that's hungry for evidence to be served in support of brand marketing driving commercial gains.

For Airbnb, the financial gains are clear and their CFO, Dave Stephenson, agrees with the company's move to brand-centricity.

Research has proven this time and time again that while performance marketing drives short-term sales activation, it's brand marketing that drives long-term, sustainable growth and profitability.

Does advertising build brands? Toyota
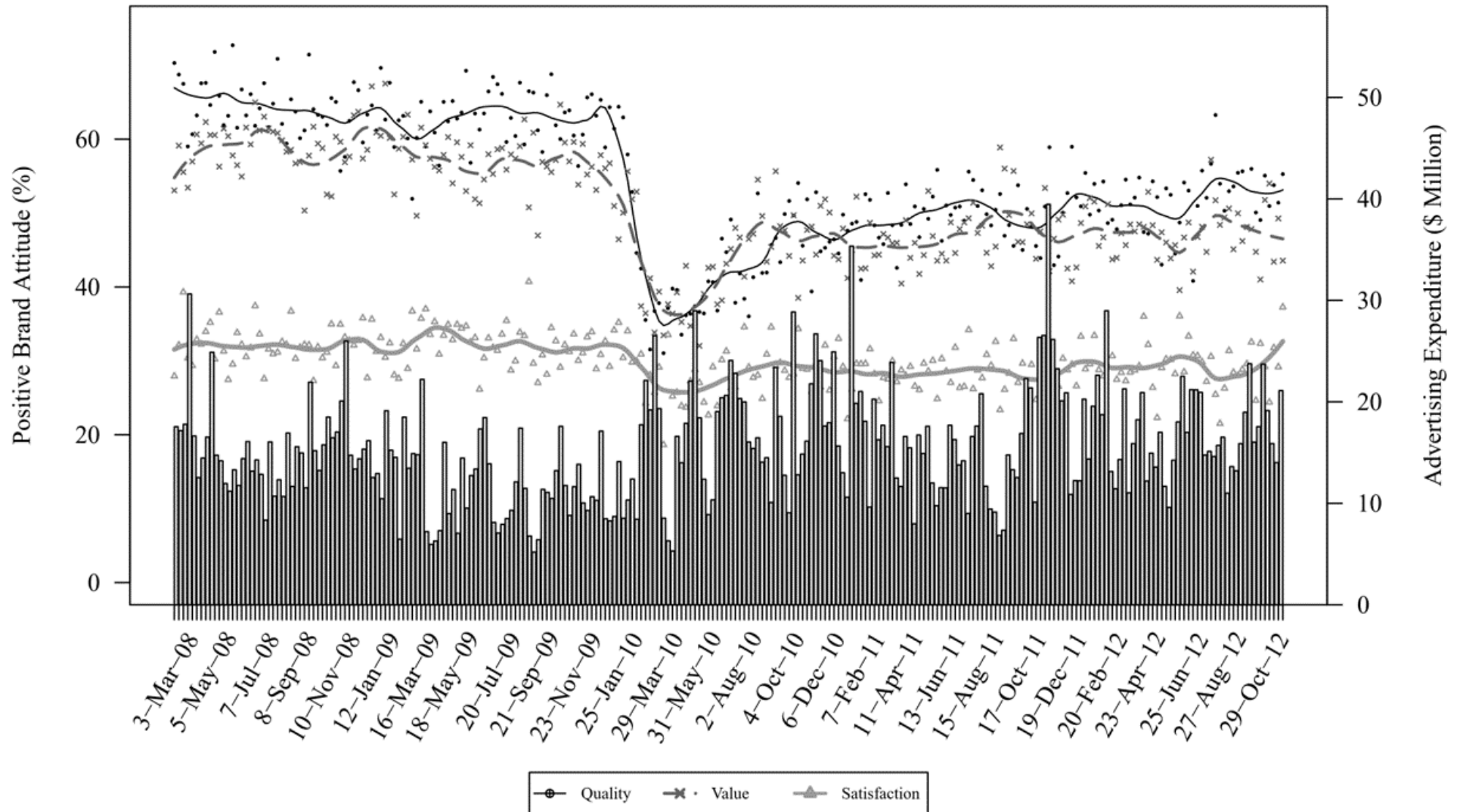
Does advertising build brands? Coke
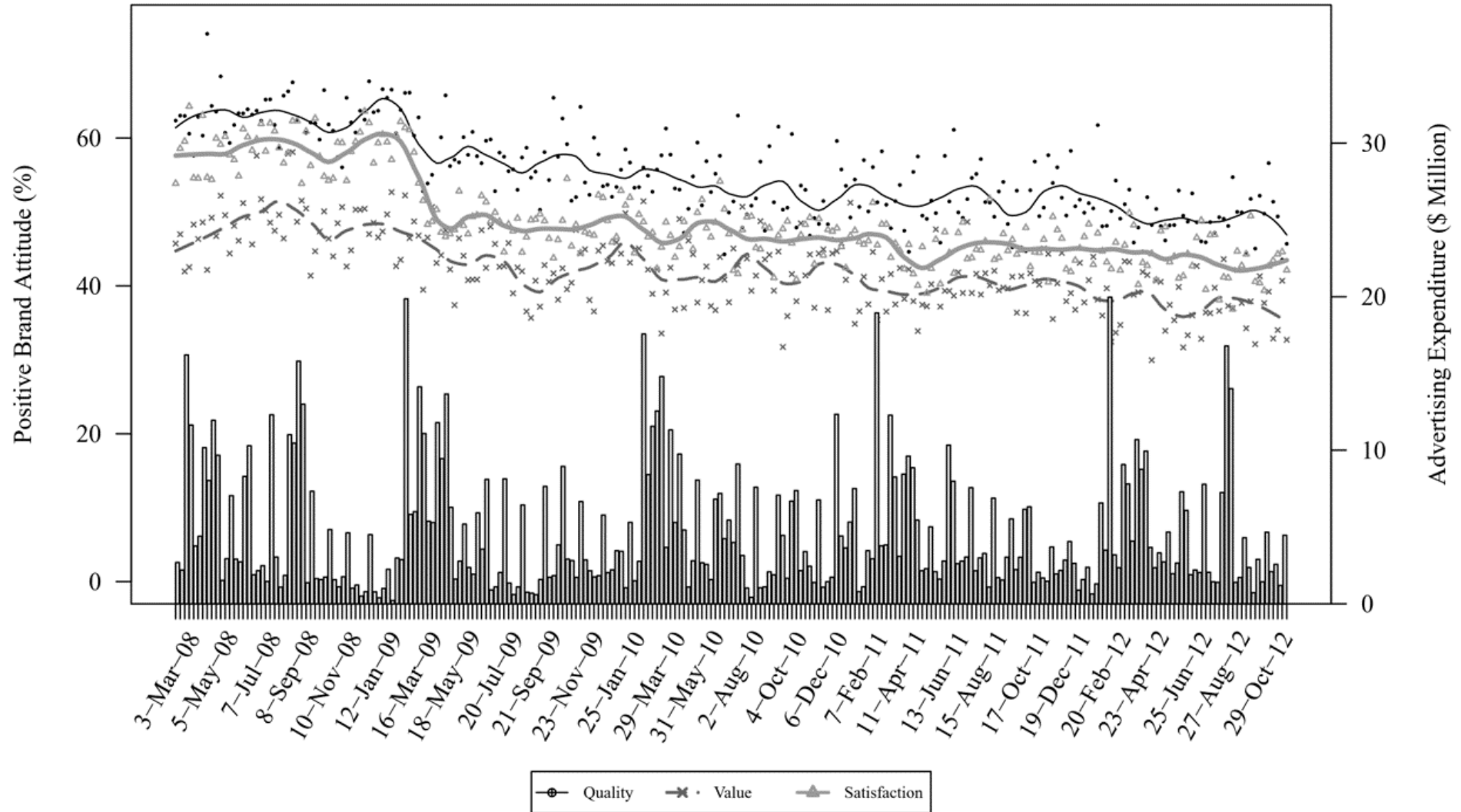
Does advertising build brands? Apple
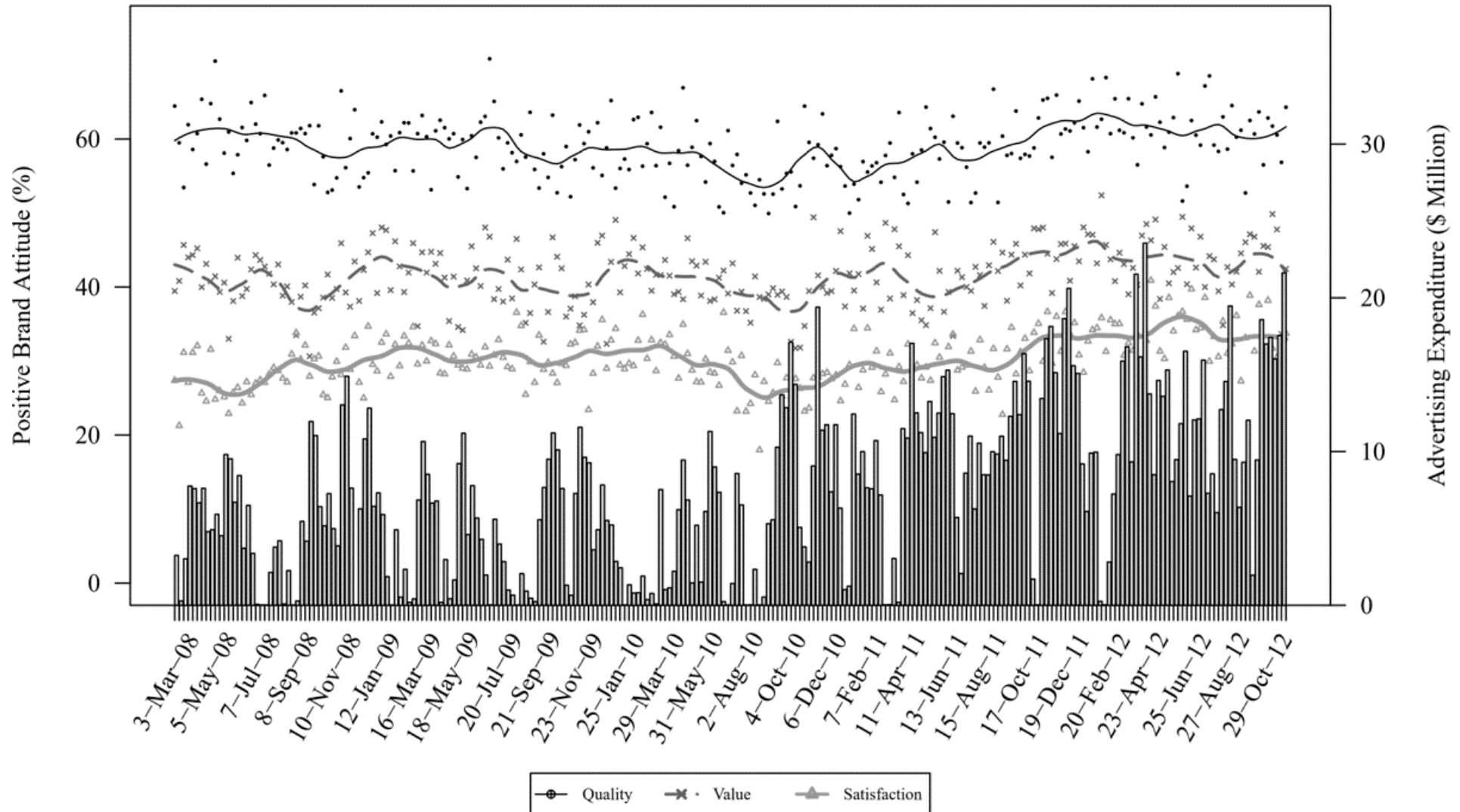
Advertising and brand attitudes

- We analyzed $264B in ad spend by 575 brands in 37 categories over 5 years

- Findings:

  - Own advertising increases brand perceptions

  - Competitor advertising decreases brand perceptions

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    - Advertising looks like a prisoner's dilemma
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  - Massive data needed to estimate precise effects

Ads Measurement Approaches

- Marketing Mix Models

- Multi-touch Attribution

- Incrementality Testing

    - Marketers' word for experimental/causal lift
    - A/B/.../n testing, geo-lift tests, going-dark designs

- Quasi-experiments

    - Instrumental variables, synthetic controls

Tying Things Together

- Brand advertising

  - Should make performance ads more effective
  - Long-term, high-cost, requires strategic commitment
  - Hard to measure incremental returns
  - Possible to measure correlational returns

- Performance advertising

  - Highly targeted, low-cost, short-term, no attachments
  - Definitely possible to measure incremental returns
  - Pray to the algorithmic overlords

- Popular theory: More brand ads in "search markets," more performance ads in "selection markets"

  - Search markets: Consumer actively searches, eg car insurance
  - Selection markets: Consumer chooses from a set, eg grocery store

Toolkit: Find wtp for sponsorship

- We can pay a celebrity brand $\$W$ to sponsor our phone. Conjoint estimates indicate the sponsorship will increase phone brand utility from $\hat{\beta}$ to $\hat{\beta}'$. Should we do it?
- Let $\pi_0 = q_j(p_j - c)$ be current contribution
- Let $q'_j(p_j) = N\hat{s}'_j(p_j)$ be celebrity-sponsored demand
- Calculate $\pi_1 = q'_j(p_j)(p_j - c)$
  - $\pi_1 - \pi_0$ is pure demand effect of celebrity association
- Find new optimal price p'_j for demand $q'_j(p_j)$
- Calculate $\pi_2 = q'_j(p'_j)(p'_j - c)$; associate with celebrity if $\pi_2 - \pi_0 > W$
- Discuss: What if celebrity's threat point is to associate with a competitor?
- Discuss: What if celebrity association persists multiple years?
- Discuss: What if 20% chance a celebrity scandal reduces $\hat{\beta}'$ to $\hat{\beta}'' < \hat{\beta}$?

Class script

- Two-dimensional grid search to optimize S1 and S2 prices simultaneously

- Assess profit effect of celebrity affiliation with brand, without price reoptimization

- Assess profit effect of celebrity affiliation, with joint price reoptimization
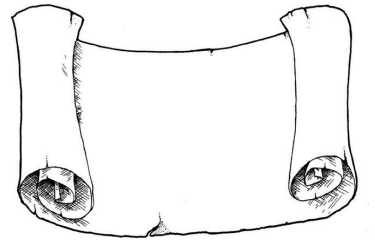
Wrapping up

Recap

- Brands are consumer associations between company assets (products, trademarks, etc) and related concepts

  - Mental real estate: We can influence it but we don't own it

- Brands work by establishing credibility, rapid communication, personality/self-expression and gestalt

- Brand/performance advertising debate trades off LR correlations vs. SR increments

- Demand models can quantify returns to brand investments

◀◀ RECAP

Going further

- Logos are overrated (5 min video)

- Revenue Premium as an Outcome Measure of Brand Equity (JM 2003)

- Advertising and brand attitudes: Evidence from 575 brands over five years (QME 2019)

- Consumer Misinformation and the Brand Premium: A Private Label Blind Taste Test (MkSc 2020)