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## Tactical branding and positioning

Michael Goldman

Sean McCoy

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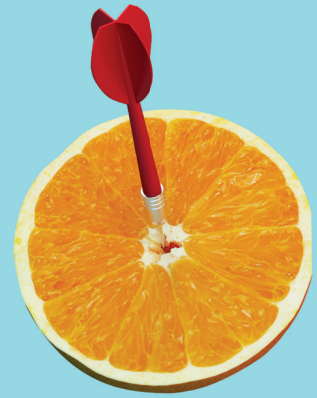


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## CHAPTER

# 6



## *Tactical branding and positioning*

*Michael Goldman and Sean McCoy*

### *Outcomes*

**After reading this chapter, you will be able to:**

- Distinguish strategic corporate branding from tactical branding
- Understand the role of brands in an organisation
- Develop a comprehensive brand management framework
- Explain the role of positioning in differentiating an organisation and its brands from its competitors
- Apply positioning techniques to develop appealing value propositions.

### **Overview**

Whether you are in a resource-based commodities business, the manufacturer of a product, or a provider of services, the issue of branding and positioning your offering in a highly competitive market is of critical importance. Where Chapter 2 focused on the corporate brand and its importance to strategic marketing, this chapter considers the tactical branding and positioning efforts that impact the success of brands in the market, whether individual products and services, or

as part of a portfolio of brands. Positioning is also one of the key elements of the classical strategic marketing process of segmentation, targeting attractive segments, and positioning brands in the targeted segments (see Chapter 5).

This chapter builds on Chapter 5 and examines the important role of brands and branding as a key element of the segment positioning process. In the process, you will learn how to enhance brand equity and thus the intangible value of brand on the organisation's balance sheet.



## Opening Case Study

### CASTLE LAGER GOES FREE!

The Castle Lager beer brand was established around 1886 when Charles Glass began selling beer to miners attracted by the Johannesburg gold rush. The beer's success led to the founding of South African Breweries (SAB) in 1895. In 2002, South African Breweries acquired Miller, forming SABMiller, which was then acquired by Anheuser-Busch InBev (AB InBev) in 2016. By 2016, Castle Lager was brewed in nine countries and available in more than 40 countries, and in 2000 won the World's Best Bottled Lager award. Castle Lager was ranked as the 25th most valuable beer brand in the world in 2018 by Brand Finance, a branded business valuation consultancy. It was the only African beer in the ranking and had increased its brand value by 24 per cent on the previous year.

In 2017, AB InBev launched Castle Free, a non-alcoholic beer brand extension of the Castle Lager brand. Castle Free offered a real beer taste without the alcohol. It is brewed with the same local ingredients as the mother brand, Castle Lager, and with the same "inherent real beer credentials – a well-balanced lager without sweetness, balanced with bitterness and astringency to make it a thirst-quenching beer". The brand was targeted at men and women who were existing beer drinkers and was not for sale to any person under the age of 18. Vaughan Croeser, Brand Director of Castle Lager suggested: "As a non-alcohol beer, Castle Free provides people with the freedom of choice while still enjoying the taste of beer. They are able to enjoy all the sociability of a beer but without the alcohol. Castle Free enables people to feel a sense of belonging and acceptance even when consuming an alcohol-free beer".<sup>1</sup> The Castle Lager brand had previously been extended to include Castle Lite, a reduced-alcohol and lower calorie beer, and Castle Milk Stout, a milk stout made from dark roasted malt.

The introduction of Castle Free as a no- or lower-alcohol product was part of SAB and AB InBev's commitment during the 2016 acquisition to launch initiatives to reduce the harmful use of alcohol in South Africa. It was reported that the company invested over R30 million in the development and brewing of Castle Free. AB InBev set a goal of no- and lower-alcohol beer products representing at least 20 per cent of the company's global beer volume by the end of 2025. Castle Free also allows consumers to pace their alcohol consumption by complimenting the consumption of alcohol beers with alcohol-free beers, and the brand extension was therefore bundled with Castle Lager in a 'pacing pack'.

South African labelling regulations required an alcohol-free beer to contain less than 0,05 per cent alcohol by volume. Castle Free was initially advertised as containing '0% alcohol', although the label fine print confirmed that the beer contained 'de-alcoholised beer 0.03% alcohol'. After a complaint to the Advertising Standards Authority of using a misleading claim, AB InBev was forced to relabel Castle Free and remove the 0 per cent alcohol claim. The 0,05 per cent alcohol content level is referenced in the Liquor Amendment Bill. This Bill proposes to ban liquor advertisements on TV and radio between 6am and 10pm and increase the drinking age limit to 21 years from 18 years.

By March 2018, Castle Free was performing strongly in the fast-growing and increasingly more competitive market for low or zero alcohol 'adult' drinks. The brand had signed on as the headline sponsor for the South African Rugby Sevens 'Blitzbokke' team, and Ricardo Tadeu, AB InBev Africa and SAB Zone president stated: "This is a product that we have great expectations of. The acceptance from the public has exceeded our expectations. We are investing capacity this year. Everything we produce for Castle Free is sold in less than three weeks".<sup>2</sup>

## Introduction

Branding has come a long way since its early purposes of signifying livestock ownership, military insignia, national identification, and religious affiliation. Today branding permeates most aspects of our lives and has become a critical component of commercial intellectual property that requires close scrutiny and sound business logic.

The opening case study – *Castle Lager goes free!* – demonstrates the opportunities and challenges facing organisations as they create, grow, and manage brands. The Castle Lager brand is a historic, award-winning, and very strong South African brand, that has evolved over more than 130 years. In 2019, AB InBev owned 500 brands and remains the world's largest brewer. The case study describes the company's recent brand extension, Castle Free. This is South Africa's first locally brewed alcohol-free beer, and highlights the critical role of the individual brand in the AB InBev corporate brand portfolio.

Brand extensions allow established brands to take advantage of the brand awareness, meaning, and loyalty developed in one category, by using the same brand name to launch a product in a different category, thereby accessing new customers for the brand and increasing existing customer usage across categories. Multi-category brands, such as Virgin, Samsung, and Nestle have successfully used brand extensions, although poorly considered extensions, such as Harley Davidson perfume and the Gerber baby products Singles' adult range, suggest that the management of brands is complex and challenging.

The Castle Free case study highlights the way in which social issues and evolving consumer preferences impact brand decisions. It also illustrates the role of political and regulatory contexts in creating and managing brands. This new reality presents additional difficulties in positioning a brand's meaning in the mind of target customers, let alone repositioning brand meaning over time.

It is clear that brand decision-making is often heated, subjective, and challenging for marketers. This chapter sets out a range of factors for marketers to consider when developing, evolving, and repositioning brands for improved commercial performance, and long-term enhancement of brand equity.

## 6.1 The concept of brand

The development of the principle of brands has been rapid, with exponential growth of the concept in the latter part of the twentieth century. In keeping with this, there is a plethora of definitions and interpretations of brands and branding, and the subject is characterised by misunderstanding and jargon.

In Chapter 2, we reflected on the corporate brand and its importance to strategic marketing, examining it at a business-level strategy and its impact on guiding holistic corporate brand strategy and architecture, corporate brand equity, and stakeholder engagement.

Within a brand portfolio, a corporate brand is the brand that defines the organisation that will 'deliver and stand behind' the offering. It explicitly and unambiguously represents an organisation as well as a brand, product, or service. As a driver or endorser, it can: help differentiate; create brand energisers; provide credibility; facilitate brand management; support internal brand-building, and provide a basis for a relationship to augment that of the product brand; support communication to broad company constituents; and provide the ultimate branded house. The corporate brand is therefore defined primarily by organisational associations, including those listed in Table 6.1.

In this chapter, we specifically explore the more tactical treatment of product and service brands, the impact of the brand internally as an instrument of culture, and the intersection of branding and the employee value proposition (EVP).

Whereas the early commercial origins of branding centred on the world of basic consumer goods, it has evolved into an

**TABLE 6.1** Organisational associations that define the corporate brand

- **HERITAGE:** going back to rich roots, e.g. Mahindra’s campaign emphasising its 70-year manufacturing experience
- **ASSETS AND CAPABILITIES:** ability to deliver innovative products and value to customers, e.g. Discovery Health’s innovative approach to health care and broader financial services
- **PEOPLE:** engaged, empowered, responsive, and competent people, e.g. Rand Merchant Bank’s strong employer brand of choice for high performers positioning
- **VALUES AND PRIORITIES:** those characteristics an organisation holds dear, including innovation, quality, and customer-centricity, e.g. Pick n Pay’s reputation as a customer champion
- **LOCAL VERSUS GLOBAL ORIENTATION:** being locally relevant or being globally connected, e.g. Loxion Kulca streetwear versus Anheuser-Busch InBev global beer brands
- **CITIZENSHIP:** concern for employees, the community, and the environment, e.g. OUTsurance’s Mobile Pointsmen initiative in Johannesburg
- **CORPORATE PERFORMANCE AND SIZE:** organisational success, substance, and visibility, e.g. Standard Bank’s financial and brand performance

Source: Adapted from Aaker, 2004.<sup>3</sup>

all-encompassing, holistic summary of a product, service, or organisational reputation in the minds of its various stakeholder groups. This suggests that branding is equally relevant in individual sectors, for example, resources, manufacturing, consumer goods, and service industries, and in developing an overarching corporate brand. Kotler<sup>4</sup> suggests that the art of marketing is essentially about building brands and that anything that is not regarded as a brand is a commodity. A limiting definition proposes that branding is the use of a name, term, symbol, or design – or a combination thereof – to identify a product.<sup>5</sup> This definition is anchored in the realm of consumer goods and does not take into account the evolution of what brand symbolises today. The emotional aspect of branding has also been emphasised.<sup>6</sup>

Branding is not only about ubiquity, visibility, and functions; it is about bonding emotionally with people in their daily life. Only when a product or a service kindles an emotional dialogue with the consumer, can this product or service qualify to be a brand.

A succinct definition of branding is “the internalised sum of all impressions received by customers and consumers resulting in a distinctive position in their ‘mind’s eye’ based

on perceived emotional and functional benefits”.<sup>7</sup> Aside from the definition and meaning of brand, the components of brand-building at a product, service, or corporate level are substantial, and take on a discipline that embraces the entire marketing function. In addition to basic identity creation, marketers should focus on developing brand personality, along with systems for brand management in the context of organisational associations. Brand is often leveraged as a mechanism to exploit new market segments and drive product or service offerings into new areas, acting as a catalyst for business growth and revenue generation (see the case example – *Apple: Building a brand*). The principle of brand equity as a measure has developed as a result, and companies are increasingly recording the intangible asset value of brands on their balance sheets.

## 6.2 Building a brand

Building a brand involves far more than merely developing an identity or logo – a brand needs to be underpinned by a well-defined set of values and should be anchored in the strategy of a business. Over the years, brand-building has evolved into a holistic

## Case example

### APPLE: BUILDING A BRAND

Who today can doubt that this logo represents a significant brand – that it represents something powerful in the heart and mind of the consumer? Apple stands as a corporate and investor brand; it carries a strong internal brand proposition and extends across a broad range of products and services, spanning a spectrum of industry sectors in markets across the world.

#### Questions

1. Why in your view has the Apple brand been so successful and become so iconic?
2. Do you believe the brand success is sustainable beyond the direct and obvious impact of Steve Jobs' leadership?
3. What do you think enables Apple to remain in the top echelon of most brand valuation studies?

and integrated discipline within business.<sup>8</sup> The brand value chain<sup>9</sup> discussed in Chapter 2 held out a holistic framework for the derivation of shareholder value through the process of brand building. In the course of this chapter discussion, we examine certain facets within it that drive tactical brand-building activity and ultimately impact the creation of customer brand equity (CBE).

Through extensive practical experience and research fieldwork the concept of a holistic approach to branding was developed.<sup>10</sup> While retaining many classical brand management elements, it sought to integrate the dimensions of culture and organisational behaviour as brand performance indicators and components of a brand management system. The model embodies a stronger sense of the 'people' component of business and brand and includes some typical aspects of human resources, while retaining many externally-focused dimensions and holding business performance at the core of its integration.

At the turn of the century, the updated model of brand leadership<sup>11</sup> recognised the need to depict the emerging paradigm of strategic brand leadership that was replacing the classic, tactically-orientated brand management system pioneered in the twentieth century. This focused on the principles of brand identity creation and positioning, brand relationships and architecture systems,

and the advent of channel development that will move brands beyond the isolationist activity of advertising in order to break through the communication clutter.

It has also been identified that the evolution of the corporate brand as an increasingly important property should receive appropriate branding attention in order to address the concepts of attracting talent; defining its heritage, values and priorities; the local versus global debate; and positioning itself as a good corporate citizen through community outreach initiatives or cause-related issues such as the environment. At a practical level, it is important for marketers to recognise that brand should lie at the heart of business strategy and should be built across a range of channels to market, directed by a solid positioning and the development of a central idea. For the company brand, this translates into an overall corporate reputation as was depicted in the integrative framework of corporate branding in Chapter 2.<sup>12</sup> This holistic approach to branding is depicted in Figure 6.1, highlighting the many facets of a brand that ultimately impact its total reputation.

Marketers should also recognise that brand needs to connect with a multiplicity of audiences. While the customer connection is a critical one, it has become increasingly necessary for brand to build resonance and affiliation with a broader range of

stakeholders, to meet the requirements of conducting business today. (Also see the detailed corporate brand and stakeholder discussion in Chapter 2, Section 2.6.)

These audiences or stakeholders are typically defined as follows:

- Shareholders
- Industry regulators
- Internal staff at all levels
- Media
- Customers
- Communities
- Intermediaries
- Suppliers
- Other funders
- Industry analysts.

### 6.2.1 Brand identity and elements

The identity of a brand is the beginning point of the creation of a persona and a visual encapsulation or reference point for the consumer. Over time, such visual association takes on an important role in the decision-making process of the consumer, and becomes a beacon of trust, or quality mark that acts as a brand compass to the user. The science of this process is referred to as semiotics; the power of visual stimulus has a critical role to play in driving demand-led brand growth<sup>13</sup> (see the case example – *Investec: Out of the ordinary*).

A brand's identity is typically made up of the following core elements:<sup>14</sup>

#### Name

A name is a beginning point and over time essentially becomes the 'holder' of the equity, or the capsule in which the equity of a brand lies. Naming strategies are diverse and involve a range of options (see Chapter 5, Section 5.5.2). These options in turn involve a spectrum of variants and sub-strategies, but in broad terms they can be classified as follows:

- *Descriptive*: that is, names that explain what the company does in literal terms, for example, General Electric, or Standard Bank

### REFLECTION BOX

The University of Johannesburg (UJ) has been under the leadership of Vice-Chancellor Professor Tshilidzi Marwala since 2018. Amongst other key objectives, UJ is actively embracing the pan-African growth agenda under the imperative of the advent of the Fourth Industrial Revolution (4IR) and the impact of artificial intelligence on higher education. This is reflected in their updated brand tagline 'The future. Reimagined'. A well-considered brand will ensure that the individual needs of each diverse stakeholder segment are understood, and that the brand is able to connect and resonate with them at some level.

#### Question

1. Compare the UJ brand positioning and communication to that of its peers in the category of higher education in South Africa. Do you think UJ can claim to be leading the 4IR discussion amongst universities in the country?

- *Semi-descriptive*: that is, names that partially convey meaning, often through abbreviation, use of acronyms, or derivation from another language or historic reference, for example, MTN, Stanlib, or Nike
- *Invented or blue sky*: that is, names with no direct meaning or derivation, for example, Exxaro.

In the words of Shakespeare, "a rose by any other name would smell as sweet". That said, naming should receive appropriate and considered attention and marketers should follow common sense principles, for example, avoiding names that are abusive in other languages or cultures, and seek solutions that embrace the increasingly difficult challenge of functional naming alignment with websites, blogs, and other digital conventions.

## Logo

Logos are a creative design option available to a brand to symbolise its foundational values and meaning, and set it apart from its competitors. The spectrum of logo options is immense and to a large extent is limited only by design imagination. Logos range from simple, modern, and dynamic to complex, heraldic, and conservative, depending on the strategic intent of the brand owner and the values alluded to above. Consider the dynamism and simplicity of the Nike 'swoosh' versus the heraldic sophistication of Rand Merchant Bank.

## Logotype

This is the letter-form used to express the name of the brand, and presents another opportunity for marketers to develop uniqueness and differentiation in their category and define the foundational personality of the brand.

Some brands are devoid of a logo and use a distinctive logotype to establish their identity, for example, Virgin, or the more conservative and historic form of Coca-Cola, a unique Spenserian script that is owned globally by the Coca-Cola Company.

## Colour

On the surface, colour may be perceived as an insignificant design or creative element, but in practice it is a definitive part of building early identity and long-term brand equity. Colour choice is subjective and yet it is extensively researched in many parts of the world where certain colours have specific cultural, religious, and sometimes superstitious meanings, which may influence the choice of brand colours. For example, red is highly visible and is often associated with emotion, power, and passion. On the other hand, blue is often associated with tranquillity, calmness, and wisdom. Dominant use of colour aids customer awareness and recall, forming an

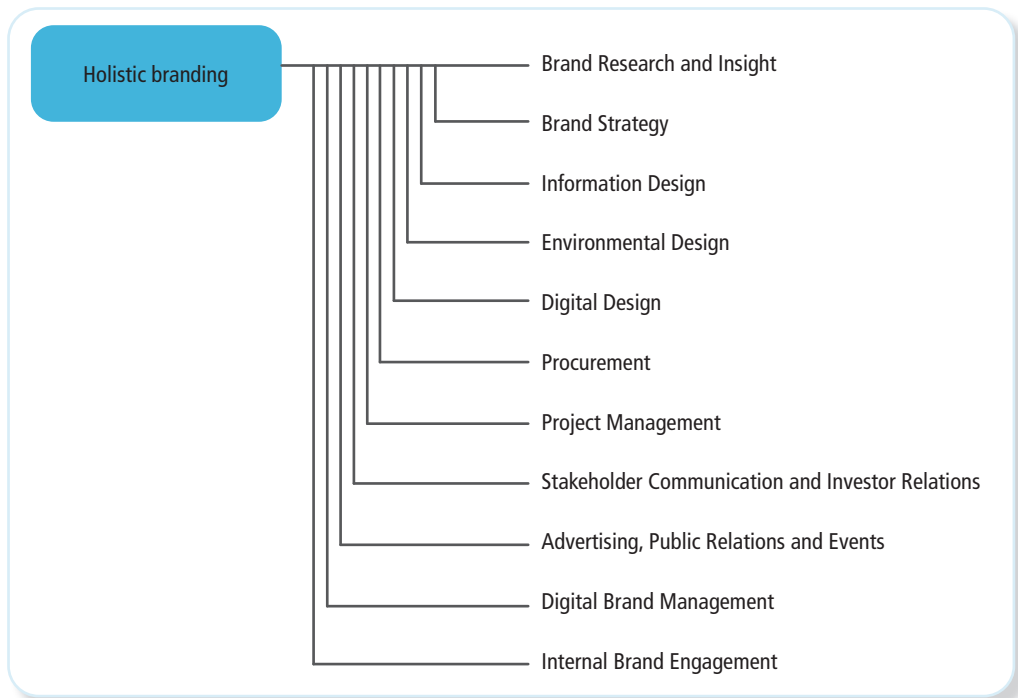


FIGURE 6.1 Holistic branding



integral and critical part of the brand building process – for example, think about who owns the colour yellow in the mobile telecommunication category across Africa.

### Style

The style of a brand unifies all the elements discussed above into what constitutes a visual language, and a look and feel that is unique to a particular brand. The considered use of geometric shapes, additional colour palettes, photography, and graphic layout systems determines the overall impression created by the brand and the perception of the customer or consumer.

Great brands often display evidence of a ‘golden thread’ that appears to run through their entire physical brand manifestation, from print collateral, through communication activity, and into the retail space if appropriate, extending to all digital and social media experiences. Regularly referred to as a ‘big idea’, successful brands are able to emerge from the clutter of an overcrowded market with a compellingly different or unique means of connecting with their users, and build strong brand equity through constant innovation and creativity in their brand expression.

The traditional use of the brand manual as a definitive organisational brand guidelines document has helped brand managers and marketers to implement positioning and identity guidelines consistently and according to defined standards. With dramatically increased levels of digitalisation these tools have evolved into brand playbooks and online digital asset management (DAM) systems. See the reflection box – *Trademark protection* – for a discussion on the importance of protecting brand equity. However, successful branding is not only about the physical elements of a brand, but also about the positioning of brands, as explained in the next section using the BrandAdvantage™ approach as a guideline.

## 6.2.2 The BrandAdvantage™ model

Building a brand requires a balanced mix of three core elements: strategy, design, and implementation, according to South African consultancy HKLM.<sup>15</sup> This approach, packaged in the form of the BrandAdvantage™ model, suggests the following as a guide to building a new brand or reinvigorating an existing one.

### Strategy

A brand must, in the first instance, be considered strategically. Interrogating business strategy and intent will facilitate the development of an appropriate brand strategy that is supportive of the business and the attainment of strategic goals and business metrics. A thorough strategic analysis of the brand should include a comprehensive visual audit of the brand to examine areas that are functioning optimally, versus those that are not.

This process will also enable marketers to identify aspects that contribute to the development of brand equity and those that detract from it. A thorough consideration of the competitor set and category best practice is also highly advisable during this stage. This is the aspect of brand that is most closely related to the successful positioning of the brand in a product-market segment (see Chapter 5 and Section 6.3), and during this phase marketers should consider the contribution of the brand to a successful value proposition.

A conceptual strategic framework should lead the design and creative phases, and this framework should resolve issues such as the brand positioning, naming, and the brand architecture model to be adopted, and should explore possible ‘big ideas’ that could anchor the brand.

### Design

Design is the creative process that will often bring a brand to life and create the intended point of differentiation for the offering.

## REFLECTION BOX

Trademark protection is a key aspect of building brand equity and preventing inappropriate competitor use of an organisation's intellectual property. Through a specialist intellectual property law firm, an organisation needs to register and protect the various aspects of their brand identity as vigorously and comprehensively as possible.

With the advent of a high level of digitalisation and a multitude of online marketplaces, it is similarly critical to secure and protect digital elements such as website URLs and all relevant social media channels such as Facebook, Twitter, YouTube, Instagram, etc., as well as appropriate digital assets such as company-specific Apps.

Captivating and relevant design will signify the meaning, character, and positioning of a brand, and if done correctly, will set it apart from its competitors. It is essential, however, that the design is a manifestation of strategic intent and not design for design's sake, as this relegates the creative process into an art form and not one of building and shaping a brand.

According to the BrandAdvantage™ model, design specifically relates to the initial brand identity or brand rejuvenation process, and in both cases the spectrum of design options is wide open. Critical to the brand rejuvenation process is the degree of change a brand wishes to convey to its market; a combination of research findings and executive vision will steer this.

Beyond initial identity creation, the creative process will be utilised throughout the journey of a brand and will play a key role in the ongoing expressions of a brand through all the channels depicted in Figure 6.1.

## Implementation

While the strategic and creative processes are vital components of a successful brand, so is the equally critical phase of implementation.

Chapter 10 provides a detailed discussion of implementation of marketing strategies, but in this instance, the practical and physical aspects of brand implementation are the focal point. Actual brand execution from print production through to the project management of corporate interiors, or a retail branch network, as well as all digital and social media manifestations, represent the realisation of the brand to market and are therefore the final link of the brand expression process. Poor implementation will negate the effect of good strategic and creative work and it is therefore important that marketers dedicate adequate time, resources, and commitment to the implementation phase in the brand building process.

The implementation phase of the BrandAdvantage™ process includes a health check component. This is an important part of branding that ensures an ongoing measure of its performance, the result of which often shapes the continued direction and rejuvenation of a brand. Section 6.5 presents a more detailed discussion of brand measurement.

## 6.3 Brand positioning

The building blocks of strategic marketing are the decisions senior managers make regarding the segmentation, targeting, and positioning of brands, products, and services. These critical decisions focus on differentiating an organisation's offerings from those of its competitors and crafting a compelling value proposition for the chosen target market segment.

The idea of positioning has its origins in the work of Plato who asserted that "memories evoke related memories, thus colouring interpretation".<sup>16</sup> The idea acknowledges

## Case example

### INVESTEC: OUT OF THE ORDINARY

Clever use of a zebra as a device in its visual language and brand communication enabled Investec to create strong and enduring differentiation in the financial services category, ensuring maximum impact for the brand in its international growth initiatives, while remaining true to its strategic brand proposition 'Out of the Ordinary'. This visual brand asset has become proprietary to the Investec brand and all its brand communication, creating an ownable device and brand language that has supported its brand positioning and created clear distinction for the brand in a cluttered, yet dynamic financial services category.

#### Questions

1. At what point do you think Investec should reconsider or evolve the Zebra as a brand device, given that it has been in use for more than 20 years?
2. In the South African context, the Zebra is seen as an ordinary animal over say, the Big 5. Why do you think Investec would have elected this as a brand device?

that consumers face a myriad of daily brand, product, and service choices and that if they were to objectively re-evaluate the costs, benefits, and relative advantage of each offering each time they made a purchase, they would struggle to get much done. Customers therefore 'automatically' locate or 'position' a known offering, on a set of relevant criteria relative to others in order to simplify buying decisions. Where exactly customers position an offering in their minds is informed by a diverse set of influences, including memories of their own or others' experiences. What comes to mind when you see or hear the Pick n Pay brand name? How is this different to your immediate associations to the Woolworths or Shoprite or Makro brand names? On your most important buying criteria for a retail store, which of these four brands would you rate highly and which poorly? An opportunity therefore exists for marketers to 'colour' customers' interpretations by influencing the positioning of their brand, product, or service offerings.

### 6.3.1 Brand positioning defined

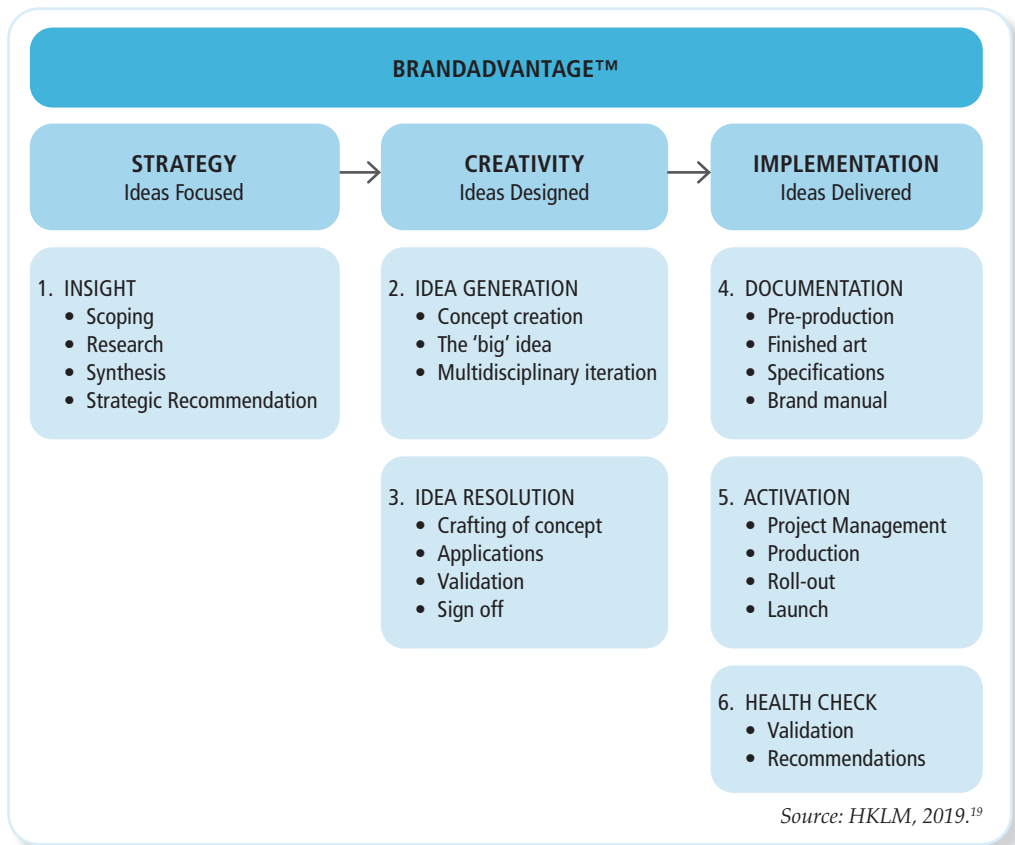
Positioning describes the position or placement of each competing brand in the mind of the consumer. It is suggested that positioning

relates to the different values associated with a brand or that the brand 'owns'.<sup>17</sup> The popularised term was originally defined as the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market.

Although this definition is widely accepted, some suggest that it does not fully capture the conceptual, operational, and strategic issues, as well as the consumer and managerial perspectives within positioning. It has therefore been suggested that positioning should rather be defined as the 'deliberate, proactive, iterative process of defining, measuring, modifying and monitoring consumer perceptions of a marketable object'.<sup>18</sup> This more comprehensive description points to a number of important decisions and activities that marketers need to reflect on – which will be outlined in the positioning process.

### 6.3.2 The positioning process

In order to decide on a differentiated brand positioning, management needs to establish or reinforce a brand's membership of the product or service category in which it intends to include the brand, as well as define the associations that will strongly differentiate



**FIGURE 6.2** The BrandAdvantage™ model

the brand from competitors in the chosen category.

### Establishing category membership

Consumers often evaluate a brand based on the category in which it competes. Categories may operate as hierarchies, with each category being part of a larger category – for example, Castle Light may be seen as a light beer, a beer, or an alcoholic drink, depending on the level of abstraction being considered (see Figure 6.3).

The hierarchical structure is informed by the consumer's experience and prior knowledge, as well as stimulus by marketers. Marketers therefore have an opportunity to assist the consumer to categorise their brand, product, or service in the most suitable category. Not being able to decide on a relevant

category may confuse consumers and reduce the chances of them adopting the offering. For marketers, the starting point in positioning a brand is to ensure that the brand's membership of the chosen category has been established.

There are several approaches to establishing a brand's category membership. These approaches employ points-of-parity (POP) to emphasise the ways in which the brand is 'the same as' other leading brands in the category.

POP may be either category POP – associations that demonstrate a brand's legitimacy and credibility in that category, or competitive POP – associations that negate competitor advantages. Competitive POP attempt to portray competitors' unique advantages as the new entry-level requirements that no longer differentiate the competition – for

## STRATEGY IN ACTION

### IS IT TIME FOR TYMEBANK?

TymeBank, South Africa's first digital-only and majority black-owned retail bank, soft launched in November 2018 and officially launched to the public in February 2019. The bank's proposition to the emerging and middle market was simplicity, transparency, and affordability. TymeBank is owned by African Rainbow Capital, a company within business mogul Patrice Motsepe's Ubuntu-Botho Investment Holdings stable, with seasoned banker Sandile Shabalala as CEO. Their business and brand are designed around a core set of principles:<sup>20</sup>

We believe that every South African has the right to accessible and affordable banking so that they can take part in, grow and benefit from the country's economy. We believe in the potential of people in this country. We have designed our products, services and tools to help individuals, businesses and communities achieve everything we know they're capable of. We constantly look for ways to empower South Africans to take back control of their money. By helping them understand how money really works and giving them a transparent view of their own financial situation, we make it easier for our customers to make decisions today that translate into a secure financial future.

TymeBank partnered with Pick n Pay and Boxer retail stores to allow clients to deposit cash at each one of the 14 300 retail store till points at a cost of R4 per deposit, as well as withdraw cash at no cost. Accounts can be opened online or via a growing number of dedicated digital kiosks in retail stores, with no monthly fee payable. A comparison of different bank charges suggested that TymeBank was the most affordable bank, with clients paying R12 for a selection of 12 standard transactions compared to nearly R21 at African Bank and R36 at Capitec.

The bank has launched Max, an artificial intelligence-powered conversational assistant designed to help clients learn about personal finance. Max operated within TymeCoach, the bank's consumer education app, and can also work in Facebook's Messenger. Coenraad Jonker, Co-Founder and Chairman of TymeBank in South Africa described Max as "a little piece of magic for us... It's the missing link in our ability to scale across channels... We don't think you can grow and scale a bank in emerging markets without a conversational interface... We know we can't scale our costs along with our customer base".

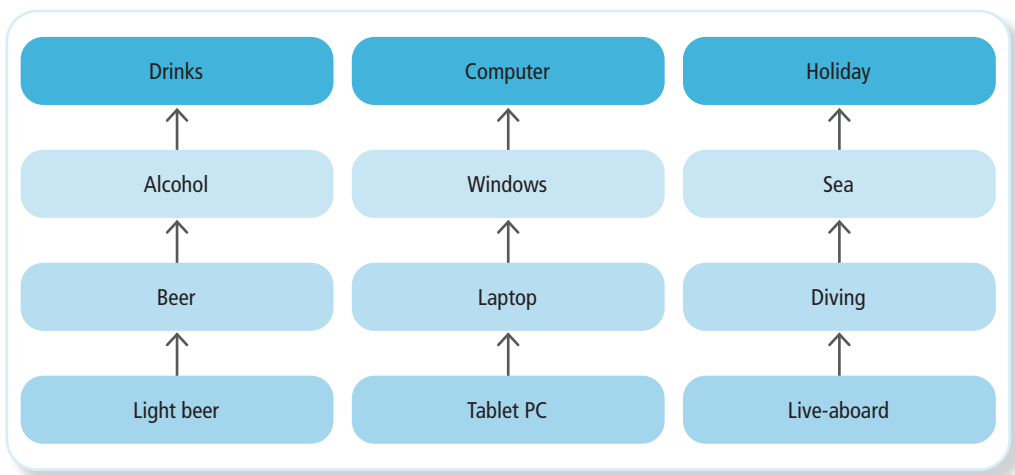
The business launched with a brand campaign titled 'You've Got This', which included an advertisement that showed over 30 South Africans talking about their real and non-financial assets and liabilities. According to Luisa Mazinter, TymeBank's Chief Marketing Officer:

'You've Got This' is a power statement. It's a phrase that is used in everyday conversation, one that South Africans across all age groups and demographics understand. It puts consumers firmly in control, giving them confidence and inspiring them to turn their aspirations into reality... We wanted to communicate this message in a way that was not contrived, was motivating, relevant and that had a completely different and refreshing tone from all other banks in the market.<sup>21</sup>

By mid-2019, 400 000 people had opened accounts with TymeBank, suggesting a growth rate of approximately 44 000 new customers per month. Approximately 37 per cent of these accounts were considered to be active clients, with an average of fewer than five transactions per clients per month. Approximately R50 million had been deposited into transactional accounts, with an average balance of approximately R500. A further approximately R115 million had been deposited into savings accounts, which was an average of R3,200 per client.<sup>22</sup>

#### Questions

1. What do you see as TymeBank's key differentiation in the market?
2. Why do you think TymeBank chose a brand like Pick n Pay as a distribution partner?



**FIGURE 6.3** Examples of category hierarchies

example, Audi's 'What do you want in a car?' campaign cleverly suggested that design, comfort, safety, and sportiness (represented by Alfa Romeo, Mercedes Benz, Volvo, and BMW respectively), were now available in one offering, the Audi Ciavena.

One approach to establishing a brand's category membership is to associate the primary benefits of the chosen category with the brand – for example, a new restaurant brand may attain membership of the fast-food category by claiming the benefits of convenience and speed, supporting these claims with 'around-the-corner' locations and a three-minute order-to-meal process. Another approach is to compare a new brand with well-known, well-liked, established brands in the chosen category – for example, authors often include

reviews and comments by authors of similar books when promoting their new titles, or new snack products are often placed between existing leaders in that specific snack category on retail shelves. This is also an established practice in the online search category where Google, for example, deploys the 'people also ask' mechanism, while Amazon provides a function to show search results instead.

A third approach to establishing category membership is to use relevant descriptors or images to communicate the chosen category – for example, new baby formula offerings may boldly display the relevant age range and include an image of an appropriately-aged baby on the packaging.

The choices marketers make about the category they wish consumers to locate

their offering in, and the POP approaches employed to communicate this choice, define the competitor-set for the offering and the type of business the company is in. The Coca-Cola Company, under previous CEO Roberto C. Goizueta, demonstrated the value of reconsidering one's category, when it ventured beyond the carbonated soft drinks category. As Burke McKinney, marketing manager of Coca-Cola Central Pacific said, "we want a major share of stomach".<sup>23</sup> "Every human needs to drink two or three [litres] a day of liquid," argued R. Fenton-May, then managing director of Coca-Cola China Ltd, suggesting that the Coca-Cola Company was choosing to position itself not just against Pepsi, but also relative to tea, coffee, milk, and water.<sup>24</sup>

### Deciding on brand differentiators

Once marketers have established a brand's membership within a chosen category, they need to focus on how to differentiate their offering from others in the category. Points of difference (POD) are attributes or benefits that consumers strongly associate with a brand, and which they believe cannot be found to the same extent in competing brands. Competitive brand positioning involves creating strong, favourable, and unique brand associations.

POD should therefore be based on a deep understanding of the attributes valued by a chosen segment. Marketers should also consider how the chosen segment ranks these attributes in terms of priority. Figure 6.4 illustrates the relationship between POP and POD.

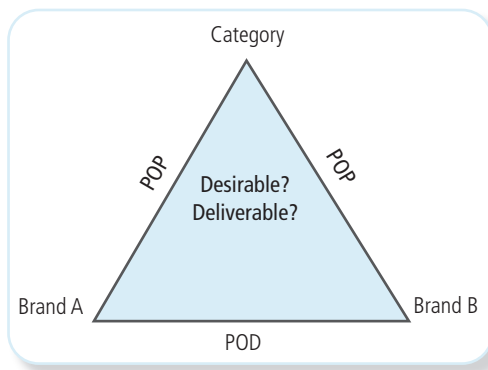
POD should be associations that consumers find desirable and on which an organisation has the capabilities to deliver.

When progressing from POP to differentiation marketers should ensure they do not neglect or take for granted the important basics that customers greatly value as a given in a relevant category.<sup>25</sup>

Marketers who focus their time and resources on providing 'something extra' at the expense of ensuring that their offering performs at least as well as its competitors in terms of the accepted category attributes may find that future sales are jeopardised – for example, low-cost airline Kulula.com has demonstrated the value of attending to the basics of short-haul airline travel better than the competitors. However, in recent times, FlySafair is competing well on a simple 'on time departures' proposition. A checklist is suggested for ensuring that differentiation is customer-focused:<sup>26</sup>

1. *What are the main benefits you deliver for your most important customers?* These are generic category benefits. If you cannot name a small number with complete certainty, you are not customer-focused. For example, South African Airways' Voyager loyalty programme provides preferential seating, additional baggage allowances, and lounge access as the main benefits across tier statuses
2. *Do you deliver these for all your customers?* You should be delivering the generic category benefits to all, perhaps to varying degrees, depending mainly on customer value. Some customers are much more valuable than others – some others may even be costing you money – but your starting-point should be that they are all looking for much the same category benefits
3. *Do your competitors offer the same benefits?* If they do not, then these are not generic category benefits – try Question 1 again
4. *How regularly are you monitoring your performance on these benefits?* You should do so obsessively – providing these benefits well is why customers keep coming back
5. *Are you proud of being 'Simply Better'?* You should be. Get over wanting to be unique – it may be exciting, but it probably does not drive business success.

As with all strategy, creating a compelling value proposition through positioning may require difficult trade-offs. Consumers may value multiple benefits that are not correlated, such as a light-weight laptop with superior battery and memory performance. Should there be an attractive segment that strongly values one of the benefits, an organisation may be able to design its offering to meet that need better than the competition. An organisation may also choose to innovate within a category to simultaneously enhance its performance on both dimensions, resulting in breakthrough products, for example, Gore-tex®, a breathable, waterproof fabric, or the Acer Swift 7, the world's thinnest notebook computer.



**FIGURE 6.4** POP and POD

### Differentiation of products and services

An organisation “can outperform its rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or both”.<sup>27</sup> Three generic strategies are identified, including differentiation, where products or services are superior on some important dimension (the other two generic strategies are cost leadership, and focus – see Chapter 1 for a discussion on generic strategies).<sup>28</sup>

Products and services can be differentiated in a number of ways, which can be categorised as physical or perceptual.<sup>29</sup> Physical

differentiation can often be evaluated through a set of objective physical characteristics – for example, new vehicle reviews, road tests, and tables of technical features in publications such as Ramsay Media’s CAR magazine enable prospective customers to compare the physical positioning of different brands. In an online and service context, Hippo comparative services website (<http://www.hippo.co.za>) includes an insurance quote comparison tool that provides technical and price information that some customers may view as most important. Table 6.2 illustrates the six-question toolkit<sup>30</sup> for identifying product-driven differentiators using the example of a pharmaceutical application. Many customers may not be able to evaluate the essential physical attributes of products and services. They may not have the knowledge, understanding, or inclination to use this as a basis for choosing between competitive offerings. Many customers may be more interested in what a product or service does, than what it is or contains. Perceptual positioning therefore takes into account the many nonphysical, subjective factors that may influence how a consumer differentiates one offering from another. Marketers are able to build a positioning grid, or perceptual map, using data from customers about the attributes that are most important to them in a given category, and their perceptions of the competitors in that category. These maps represent the relative position of each competing brand, on a set of important attributes, pointing to areas of differentiation in the mind of the customer (see Figure 5.8).

In a study on consumer perceptions of medium- and lower-medium sized vehicle brands in Hungary,<sup>31</sup> the researchers employed the attribute rating method, where product attributes are easy to identify and articulate. They then used factor analysis to determine the two dimensions of their perceptual map. They were able to represent graphically the positioning of six vehicle brands on the dimensions of benefits and



monetary sacrifice. Recognising the link to the value-price relationship, they were also able to suggest brands that were positioned with a value advantage or a value disadvantage. The example presented in Figure 6.5 is based on this original work, combined with an analysis of recent South African brand perceptions.<sup>32,33,34</sup>

More recently, other researchers have demonstrated how positioning maps and perceptual gap analysis can be used to gain further insight into a company's relative competitive position as well as to find open spaces in the competitive environment to reposition for greater appeal.<sup>35</sup> The researchers studied the perceptions of young online shoppers in the Middle East regarding three popular online bookstore retailers and three popular online computer hardware retailers. Their factor analyses produced four and six factors respectively that were mapped graphically.

Figure 6.6 illustrates the positioning map for online bookstore retailers for two factors, that is, product quality and shopping process. The figure includes an ideal vector (the diagonal arrow) that illustrates the relative effect of each of the two factors on the desired positioning of an ideal online bookstore retailer. The closer the position of a specific online retailer to the ideal vector, the closer it is to what consumers prefer – that is, online retailer Site A is extremely close to what consumers prefer, whereas Site C has some work to do in order to attract consumers.

The researchers then conducted a perceptual gap analysis of the characteristics comprising each factor. Figure 6.7 clearly illustrates the marked difference in attribute ratings for Sites A and B on the right, and Site C on the left. Read together with the rest of the data, the perception gap analysis can greatly assist online retailers in making better-informed decisions regarding their websites and online offerings.

Positioning maps are useful tools that help marketers to:<sup>36</sup>

- Develop an understanding of how consumers perceive the relative strengths and weaknesses of different products
- Build knowledge about the similarities and differences between competing brands
- Reposition existing products and position new products
- Track buyers' perceptions regarding the effectiveness of communications programmes and marketing actions
- Identify gaps and opportunities in the market
- Monitor the effects of past marketing communications.

### Positioning statement

Once marketers have established a brand's category membership and a means of differentiation, the next step is to craft a positioning statement that captures the brand's value proposition. Some believe that this is one of the most difficult, complex, yet creative and interactive elements of positioning.<sup>37</sup> This succinct and mostly internal statement should answer three critical questions:

1. Who are the chosen customers?
2. Which set of needs is fulfilled?
3. Why is this offering the best to satisfy those needs?

The positioning statement can be expressed using the template below:

[Our offering] is [most important claim] among all [chosen segment] because [most important support].

## 6.4 Managing the brand

Branding is a dynamic, constantly evolving business process that requires ongoing attention and resources within an organisation. Marketers of leading consumer brands such as Coca-Cola and Nike make subtle yet innovative changes to the brand on an annual basis, ensuring they maintain a competitive edge in the market and continue to achieve

TABLE 6.2 Six-question toolkit for identifying product-driven differentiators

Questions	Pharmaceutical application
WHO is the most appropriate beneficiary of the product?	<ul style="list-style-type: none"> <li>Focus on needs and requirements of the ideal patient and patient subtypes, including their family</li> </ul>
WHAT are the real and perceived benefits of the product?	<ul style="list-style-type: none"> <li>Focus on unexpected comments in clinical trials and emotional benefits beyond treatment</li> </ul>
WHEN does the product work most effectively?	<ul style="list-style-type: none"> <li>Focus on the timing, dosage frequency, and duration of medication</li> </ul>
WHERE does the product work best?	<ul style="list-style-type: none"> <li>Focus on body part most affected and pharmacologic effect</li> </ul>
HOW are products in a specific category delivered to the end user?	<ul style="list-style-type: none"> <li>Focus on non-traditional opportunities for delivery of medication to the body</li> </ul>
WHY does the product work the way it does?	<ul style="list-style-type: none"> <li>Focus on the mode of action and the effect at the molecular and cellular level</li> </ul>

Source: Dumovic & Knowles, 2008.<sup>38</sup>

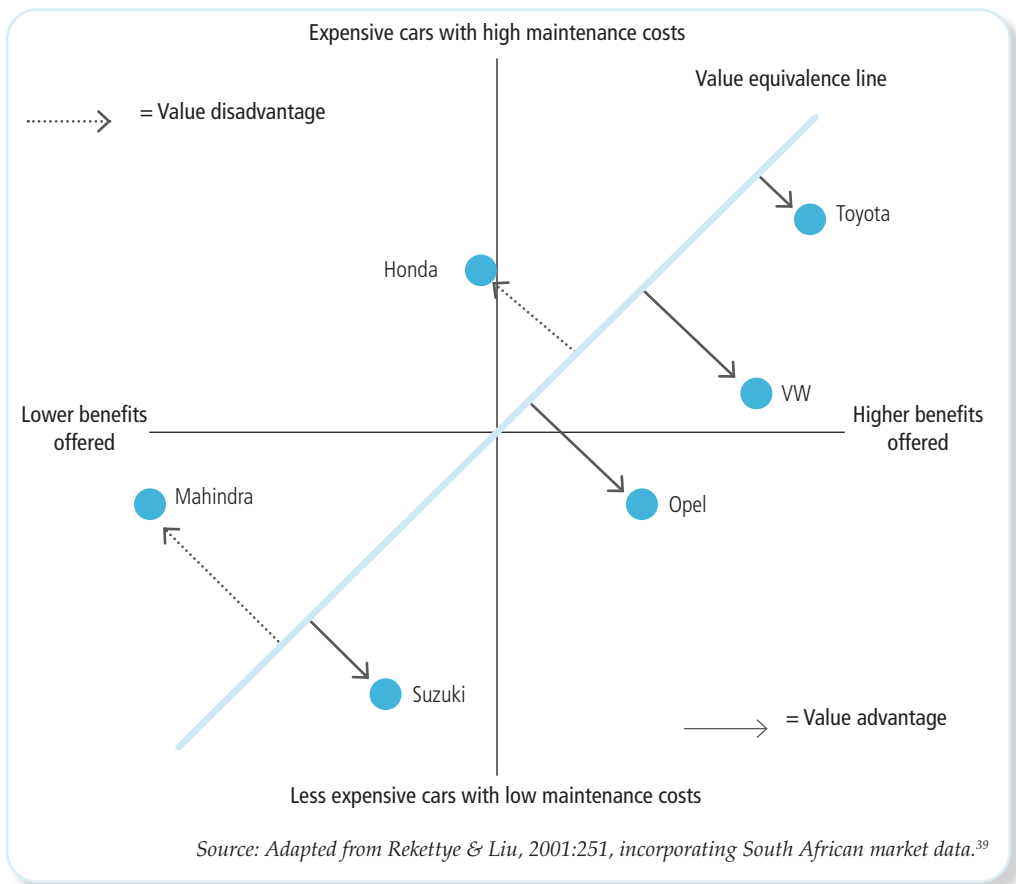


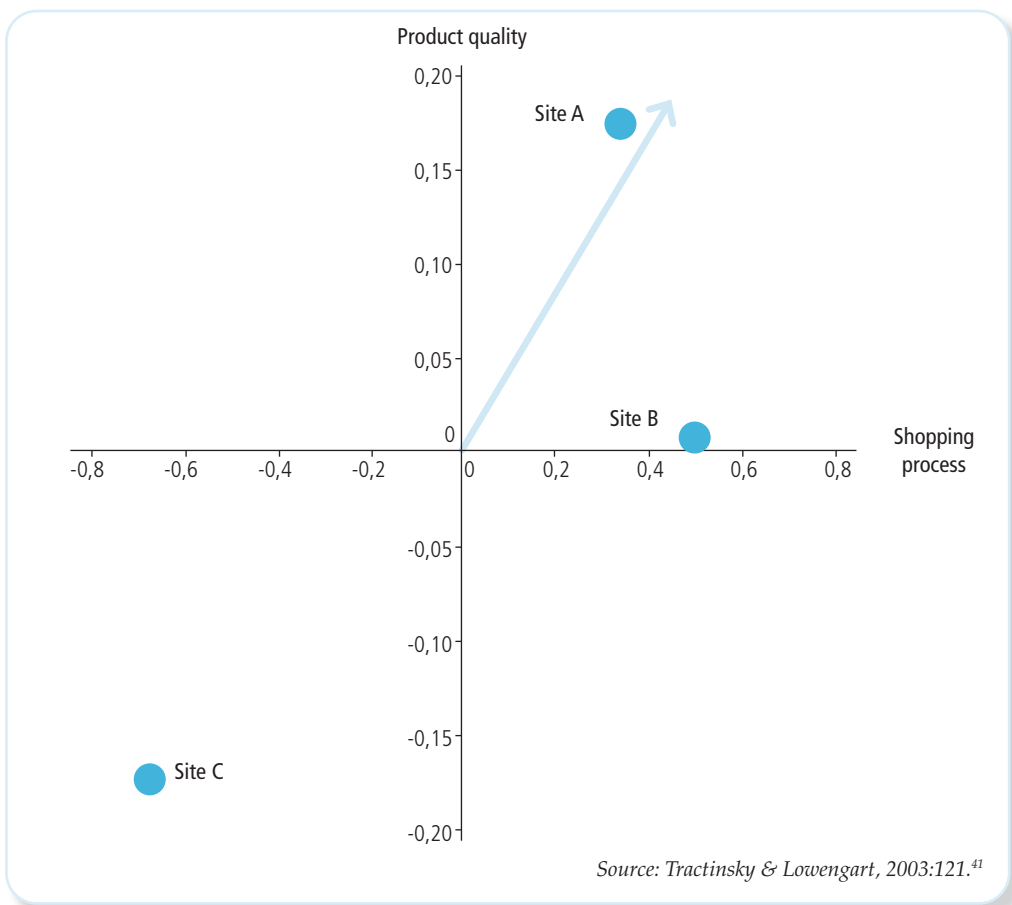
FIGURE 6.5 Perceptual and value map for the South African medium-sized vehicle market

the brand and business goals that have been set for them. Furthermore, the role of branding within an organisation, that is internal branding, is receiving increasing attention as it is recognised that the people inside an organisation are ultimately responsible for delivering the external promise that a brand makes to its markets. This is discussed in section 6.4.1. It is both possible and necessary for marketers to rebrand or rejuvenate their brands from time to time. This is facilitated by remaining in touch with markets (for example, by means of market research and customer feedback) and the evolving landscape of business, which may indicate that a brand is losing its position or appeal to the market, or that organisational changes (such

as mergers or acquisitions) may necessitate change. Section 6.4.2 highlights the role of brand rejuvenation in the brand management process.

#### 6.4.1 Brand alignment – internal and external

Internal branding is emphasised by questioning whether an effective brand identity can be built by an organisation if its employees do not buy into it.<sup>40</sup> The suggestion is that nurturing the employer brand is as critical to an organisation's success as promoting the customer brand. This concept is supported in the participatory approach to the brand building process that proposes integrating the external brand building activities of an



**FIGURE 6.6** Positioning map for online bookstore retailers: product quality versus shopping process

organisation with those inside the business.<sup>42</sup> It is also maintained that traditional branding efforts have focused on external activity at the expense of internal brand building efforts. The following four-step process is therefore proposed for aligning employees with the promise that a brand makes:<sup>43</sup>

1. Clarify the brand proposition or promise of value to customers
2. Establish the brand character that will best deliver that value
3. Translate brand character into values and behavioural practices for both company leaders and the company as a whole
4. Redress human capital systems' current practices to align their compatibility to the brand promise.<sup>44</sup>

It is suggested that positioning a brand and defining the essence of its meaning lie at the heart of all marketing activity, and marketers need to do this inside an organisation as well.<sup>45</sup> A study against an Interbrand Top 100 Brands ranking finds a correlation between brands within the top 100 and what they identify as a strong corporate culture (aligned to issues such as values, beliefs, and behaviour), compared to 'outsider' brands that fell outside the top 100.<sup>46</sup> This view suggests that

weaving brand messages into employees' everyday experiences will ensure that their 'on-brand behaviour' becomes instinctive and aligned with the external expression of the brand.<sup>47</sup> Leadership in internal brand building is another subject that is receiving an increasing level of attention. In a study on the internationalisation of service brands, the role of leadership during the brand building process is probed and it concludes that the success of internal branding depends on the ability to leverage cognitive, affective, and communicative differences amongst culturally diverse employees.<sup>48</sup>

The study maintains that two behavioural competencies are crucial in this process:

1. Defining a clear brand vision
2. Facilitating verbal and non-verbal social patterns, showing commitment, trusting employees, and living brand values.

It concludes that this builds passion, commitment, and organisational identification among employees who are ultimately responsible for successful service brands.<sup>49</sup>

A subsequent research report continued to investigate the role of leadership in the internal brand building process by examining the relationship between organisational

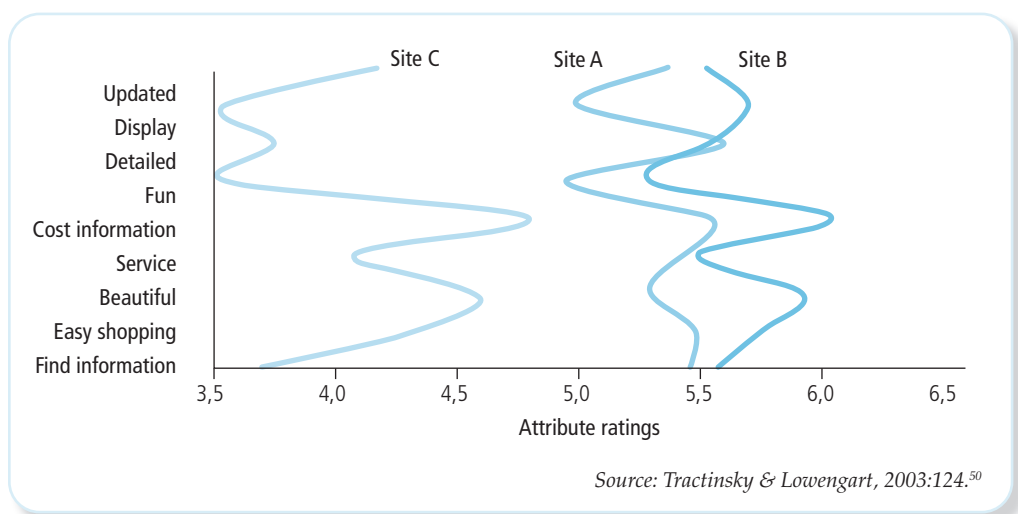


FIGURE 6.7 Perceptual gap analysis for online bookstore retailers: shopping process

structures and individual brand supporting behaviour.<sup>51</sup> One practical implication of the findings is the introduction of brand ambassadors as agents for internal brand adoption, and to manage the balance between stability and change.

The role of leadership in developing an internal brand was also explored, suggesting that organisations can strengthen their leadership positions by working hard to translate what they stand for in the marketplace into a set of managerial behaviours.<sup>52</sup> It identified companies with a high brand leadership quotient and discovered that the price:earnings ratios of these organisations outperformed the aggregate of a peer group in the same industry sector, suggesting a positive correlation between leadership branding internally and market performance.

In a study on the use of internal branding as a management strategy in the healthcare industry, the following common pitfalls were highlighted in the process:<sup>53</sup>

- Rooting the branding programme solely in internal communication efforts
- Failure to provide internal branding efforts with the resources, support, and planning commonly assigned to external campaigns
- Being seduced by new advertising campaigns, shiny new names, or logos – in other words, a campaign focus without business or product substance to support it
- Confining brand building exclusively to the marketing and communication department rather than adopting a holistic approach to the business
- Failure to integrate brand building programmes into other internal efforts such as production processes or human resource practices as examples
- Over-dependence on technology in building better brand understanding, for example, adopting a huge emphasis on data and analytics without extracting the true meaning and market insight.

In the human resources sector of the branding discipline, the concept of the employer brand is also receiving increased levels of attention, supporting the realisation that brand has a role to play within an organisation. It is suggested that employer branding represents a firm's efforts to promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer.<sup>54</sup> The study embraces the combination of a resource-based view with brand equity theory. The role of human resource management (HRM) in internal branding is examined and it is recognised that HRM's policies typically focus on the internal workings of a company rather than the interconnectedness of these activities with external factors.<sup>55</sup> Increased integration between marketing and human resources will equip employees with a deeper understanding of the brand and their role in enhancing the brand promise, and minimise confusion resulting from misaligned messages in brand positioning.

Others have examined the interrelationship between internal branding and the role of organisational behaviour, suggesting that employee behaviour is the success factor that is most often underestimated in brand building.<sup>56</sup> Corporate culture and the organisational brand have also been examined, proposing a value-driven approach to management with corporate culture as a basis for differentiation that can provide a sustainable competitive advantage (SCA).<sup>57,58</sup>

Figure 6.8 depicts the process of brand alignment, which involves internal brand building at a fundamental level, in keeping with the basic framework and methodology of external brand building. An organisation's internal approach should mirror its external efforts; this will ensure a high degree of brand alignment in the organisation and enable the business to deliver on its external promise – the ultimate measure of a brand (see the case example – *Exxaro: Powering possibility*).

## Case example

### EXXARO: POWERING POSSIBILITY<sup>59</sup>

Exxaro is a listed minerals and resources company that has had people at the centre of its brand identity and positioning since its inception in 2006. This approach has been core to their business ever since.

The company's external branding efforts have always been supported by an internal brand engagement process. At the onset of their brand formation, 1000 brand ambassadors were developed to assist with the brand internalisation programme.

In 2018, an intensified communication programme and CEO roadshow were deployed throughout the business to update all staff on the evolved 2026 business strategy, which included an updated business purpose. See Chapter 10's closing case study – Exxaro: Powering possibility - for a comprehensive overview of this project.



#### Questions

1. Why do you think a commodity business like Exxaro would invest in an internal branding process?
2. What, in your view, is the best approach to taking strategic change messages and behaviours into an organisation?

### 6.4.2 Brand rejuvenation – remaining relevant

Markets shift and target market needs and behaviours change over time – brands need to reflect and embrace this, or face decline or even demise. Organisations that are brand-orientated track shifts in markets and consumer life cycles so that they can reinvent, innovate, and reposition products and services accordingly.

Brand rejuvenation can take varying forms, depending on market circumstances and business conditions. In certain instances this involves extending a brand into a new product or service category – for example, PEP entering the homeware market with PEP Home stores, and Kaizer Chiefs extending into rugby 7s. Other situations may involve extending or rejuvenating the brand portfolio – for example, Coca-Cola entering the bottled water market through acquiring

Valpré. Brand rejuvenation could simply be a matter of enhancing an outdated image in an evolutionary manner to remain relevant and connected to the needs and values of your target market – for example, the modernisation and simplification of the Rand Merchant Bank identity.

The case example – *From mining to minerals* – in Chapter 2 is a more dramatic example of brand rejuvenation, constituting an entire name change and revolution of the brand identity. Whatever the issues and rationale may be behind shifting a brand, suffice to say that this is not a static framework, but a process that requires ongoing research, consideration, and rejuvenation – either in regular incremental steps or in periodic step-change format. This will ensure that marketers remain relevant and in tune with their market and, importantly, that the brand will continue to perform against its set business metrics.

### Repositioning

It is advocated that brand equity needs to be “actively managed over time by reinforcing the brand meaning and, if necessary, by revitalising the brand”.<sup>60</sup> In order to reinforce and preserve brand meaning, it is recommended that consistent strategic positioning and retaining important elements of a marketing programme is necessary. Brands may need to be revitalised when consumer tastes and preferences change, new competitors are identified, new technology emerges, or the broader marketing environment shifts and profoundly affects the performance of a brand. Brand repositioning is broader than mere rebranding, and is defined as “the practice of building a new name representative of a differentiated position in the mind frame of stakeholders and a distinctive identity from competitors”.<sup>61</sup> Different approaches to rebranding are considered, including ‘re-defining’, which involves shifting underlying brand attributes while maintaining a strong brand name.<sup>62</sup> Brand repositioning has also been defined as the “strategy taken to alter/

maintain the brand image portrayed to consumers” that involves “manipulation of the marketing programme and organisational process to maintain/improve the equity of a brand”.<sup>63</sup> Therefore, repositioning may include rebranding the name or image, but is more concerned with the attributes, benefits, beliefs, and perceptions associated with the brand.

A general approach to revitalising brands that includes recapturing lost sources of brand equity or identifying new sources of brand equity is outlined.<sup>64</sup> It proposes that revitalising a brand is more concerned with ‘revolutionary’ changes than the ‘evolutionary’ changes required in reinforcing a brand. There are two desired outcomes from repositioning a brand:<sup>65</sup>

1. A strong association between the brand name and the new-positioning attribute
2. Consumers will no longer identify with the old positioning that the brand had previously developed.

This demonstrates the use of ‘competitive interference’ to create a stronger link between

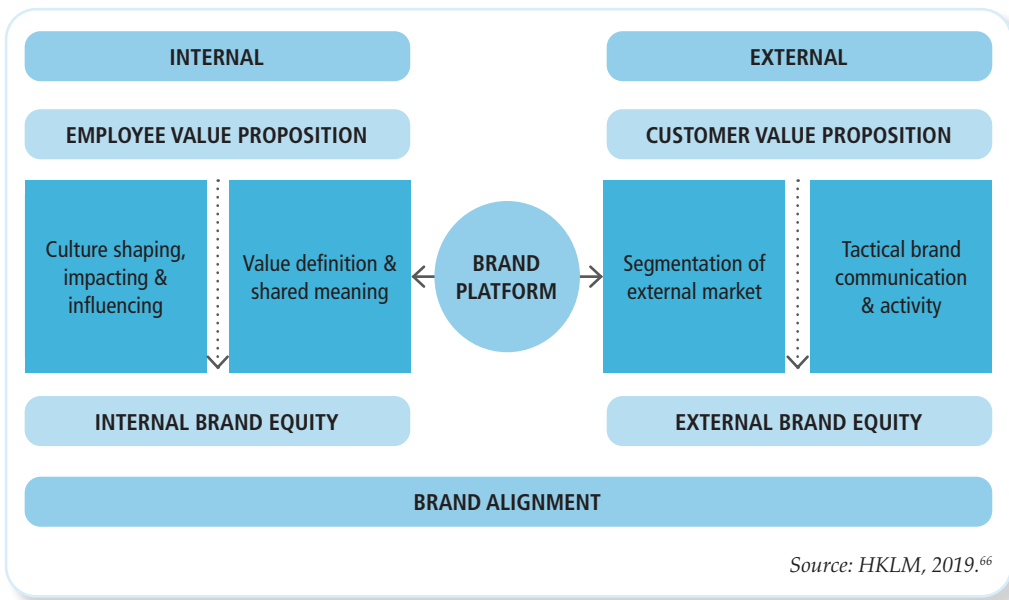


FIGURE 6.8 The brand alignment process

a brand's old positioning and a competitor brand – this increases the likelihood that consumers will associate a brand with its new positioning rather than its old positioning.

## 6.5 Brand measurement

Recently, the concepts of financial awareness, business performance, and brand value have come to the forefront, and this has been accompanied by rapid developments in the brand sphere. Interbrand Best Brands<sup>67</sup> publishes one of several annual international updates on global brand performance and is one of a number of consulting groups that pioneered brand valuation and balance sheet adoption. Many leading academics emphasise the need for and the role of branding in contributing to business performance, and the importance of organisational metrics. The importance of metrics and the role that brand continues to play are key aspects in the rise and recognition of brand at boardroom level. Chapter 11 is dedicated to the topic of marketing metrics, and a brief discussion is included below.

### 6.5.1 Tracking performance

Marketing as a discipline has often attracted criticism regarding the issues of measurability and return on investment (ROI). Marketing is often seen as a cost centre rather than a revenue generator, and the issue of tracking brand performance is increasingly important, particularly during periods of global economic downturns and recovery. The role of brand in creating demand-led growth is the fundamental premise for marketers in that it is essential for marketers to track and measure brand performance to identify the ROI of the marketing and brand spend.<sup>68</sup> There are many measurement tools to track and monitor brand performance across a range of individual brand dimensions and scores. These tools enable marketers to plot future actions and strategies, whether defensive, rehabilitative, or attacking in nature. The closing case study – *See money differently*

– provides an example of measurement tools that may be used, that is, perceptual attribute tracking and overall brand equity scores.

### 6.5.2 Brand valuation and equity

Seminal work in the area of brand tracking and contribution to business has been carried out.<sup>69</sup> A detailed analysis of this methodology and framework is outside the scope of this chapter. However, we focus on the principle and output, as these are critical in the context of a discussion on contemporary brand issues. In Chapter 2 (See Section 2.4 and Figure 2.2), the brand value chain was discussed in some detail, demonstrating a structured approach to assessing the sources and outcomes of brand equity, and identifying how marketing activities create brand value. The model is based on a combination of value stages that a brand undergoes, overlaid by a range of multiplier effects that influence how it is valued by the financial community.

There are several consultancy models that are global benchmarks in tracking brand performance, for example, Young & Rubicam's BrandAsset@Valuator (BAV).<sup>70</sup> Brand performance is tracked via an extensive international database that records scores on brand strength (defined as brand relevance and differentiation) and brand stature (defined as brand esteem and knowledge). This data is used by several international consultancies that conduct brand valuation exercises, to leverage brand performance against business performance and determine the financial impact thereon.

Brand valuation is a field of its own within the branding and financial community and one that will continue to attract attention, as both communities seek to establish a framework and methodology that is globally acceptable and consistent. Current models of brand valuation are essentially outwardly focused, and it will be interesting to monitor research that is conducted into brand valuation, and integrate the internal influence on the brand valuation process. The top 10 global brands as valued by Interbrand during



## Case example

### THE FORD 'KUGA-CRISIS'

During 2016, multiple reports surfaced of the Ford Kuga 1.6-litre compact sport utility vehicle catching fire in South Africa. In December 2015, Reshall Jimmy died when his Kuga burst into flames. Ford initiated a voluntary maintenance check in December 2016, which many criticised for being too slow and inadequate. Reshall Jimmy's sister argued that Ford was "...really dragging their feet with this. All we ever wanted from them was for them to own up and recall all the cars that are still out there. Lives of people are in danger and we don't want another incident like what happened to my brother to happen to any other person".<sup>71</sup>

After increased public and regulatory pressure, Ford issued a safety recall of 4 556 Kugas in January 2017. Reports suggested that more than 80 Kugas had caught fire since 2015. Jeff Nemeth, the Ford South Africa chief executive stated:

We understand and appreciate the feelings of our customers and other stakeholders, and we want to assure you that your safety is our priority. Whenever an incident raises concerns about one of our vehicles we treat it with the utmost seriousness. ...We recognise that, during the initial process, customers and the public were not well enough informed about the situation, and for that Ford sincerely apologises. We care about the safety and well-being of our customers. It's at the heart of everything we do, and we understand that our customers have questions and concerns. Our current focus is on working with our dealers and our customers to resolve these issues as quickly as possible, through open and direct communication.<sup>72</sup>

Nemeth returned to the U.S. in mid-2017. After selling an average of 200 Kugas per month in 2016, sales dropped to 70 in January 2017, 57 in February, and 36 in March. Ford's new car market share in the first quarter of 2017 was 10,3 per cent down from 11,7 per cent in the fourth quarter of 2016, although Ford was still the third largest brand of new and used cars in South Africa. By the end of 2017, Ford's local sales had reduced from 73 897 in 2016 to 71 220 in a total market that had increased by 1,8 per cent. In May 2018, the new CEO, Casper Kruger, acknowledged: "Our brand was tested and is still being tested. Something happened that was not good for our brand. The number of customers with a favourable opinion of Ford dropped. Fewer people now consider us when purchasing vehicles."<sup>73</sup> By early 2019, South Africa's National Consumer Commission had completed its two-year investigation into Ford's response to the car fires and requested that the country's consumer tribunal prosecute Ford. The company could be fined 10 per cent of its annual turnover if found guilty. A court case relating to the death of Reshall Jimmy is ongoing.

### Questions

1. Given the reputational damage Ford experienced in South Africa, how could Kruger and his team go about restoring Ford's corporate brand?
2. In your view, do you think the Ford brand has recovered from this event in the South African market three years later?

2019 are reflected on the following webpage <https://www.interbrand.com/best-brands/best-global-brands/2019/ranking/>. It is interesting to note the broad range of industry sectors within the top 10 brands, bearing testimony to the rising importance and value of brands across all industries, from technology and fast-moving consumer goods to the automotive industry. Most telling is the continuous rise of technology brands such as Apple, Google, Amazon, and Microsoft in recent years, currently occupying the top four positions respectively, displacing long-standing leader Coca Cola.

## 6.6 Brand portfolio strategy

A brand portfolio strategy involves organising, managing, and marketing more than one brand owned by a single company. The focus point in a brand portfolio is the balance and link between brands, in the same way that a financial portfolio attempts to maximise return and minimise risk.<sup>74</sup> The launch of Nando's Peri Deli in late 2008 as a complementary chain niche brand to the main brand indicated a shift for Nando's towards a brand portfolio (see the strategy in action feature – *Nando's*).

Managing a brand portfolio strategy involves carefully defining and managing the relationships between the brands that should function as members of a team rather than individually.

This is illustrated by the following statement from Nando's:<sup>75</sup>

Peri Deli offers a completely different on-the-go experience of premium freshly-made and convenient deli food. Nando's – famous for its flame-grilled Peri-Peri chicken, legendary advertising and quirky personality – will continue to provide a great eating experience to its customers. Peri Deli will also allow Nando's to establish better distribution by establishing smaller outlets with a takeaway focus in high-foot traffic areas.

Research suggests that the three key dimensions of an organisation's brand portfolio strategy are scope, competition, and positioning:<sup>76</sup>

1. Scope relates to the number of brands an organisation owns and markets, and the number of market segments in which it competes with these brands
2. Competition refers to the extent to which brands within an organisation's portfolio compete with one another by being positioned similarly and appealing to the same consumers
3. Positioning relates to the quality and price perceptions of an organisation's brands among consumers. If we continue with the Nando's example, we see that Nando's markets two brands (Nando's and Nando's Peri Deli) across two distinct market segments (sit-down restaurants and on-the-go deli food), with limited competition between the brands (Nando's customers are 'South Africans with fire in their bellies, people who love to laugh and live to eat, hungry for life and with an appetite for adventure', while Nando's Peri Deli customers are 'hip and happening, techno-savvy, socially conscious trend-setters'), while maintaining a medium-to-upper price-quality positioning across both brands.

On investigating the relationships between different brand portfolio strategies and company performance, strong evidence was found that the characteristics of an organisation's brand portfolio have a significant impact on its financial and marketing performance.<sup>77</sup> A brand portfolio can:<sup>78</sup>

- Organise internal growth 'relays' or horizons to cope with the economic or conceptual limitations of current brands
- Be viewed as a 'compensation system' between brands, allowing for equalising and balancing out the results within an organisation
- Accelerate and ease the reaching of critical mass for distribution rewards

- Permit shared research costs as well as optimise market placement for technological innovations.

### 6.6.1 Building a brand portfolio

Building a brand portfolio is a cumulative process, related to time and experience factors. Figure 6.9 illustrates the three phases, that is, brand accumulation, brand reformation, and brand development model; each phase is discussed in detail below.

#### Phase 1 Brand accumulation

This first phase addresses market segmentation needs. In this phase, an organisation launches or acquires new brands in order to respond to different customer expectations, often resulting in the possibility of internal and external brand competition.<sup>79</sup>

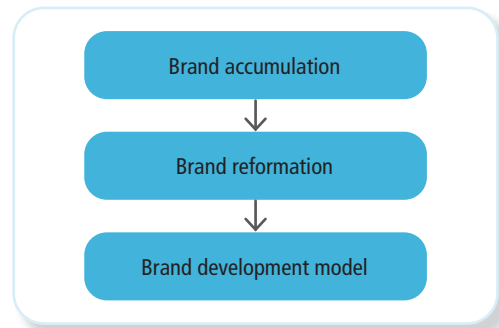


FIGURE 6.9 Building a brand portfolio

#### Phase 2 Brand reformation

The second phase in building a brand portfolio is reformation. This is a transition period where an organisation is often responding to increased pressure from shareholders to focus investments. The organisation shifts

## STRATEGY IN ACTION

### NANDO'S

The world's most popular chicken restaurant began life in 1987, in a decidedly unfashionable suburb of Johannesburg, South Africa. It was born from the dream of two young men - allowing people to enjoy the most delicious chicken in the world: fresh, flame-grilled, and prepared in a peri-peri marinade. It was Mozambican street food, inspired by the colonial influences of Portuguese cooking. Today, Nando's continues to offer the world delicious chicken in 1 200 restaurants across 30 countries.

"It's a business about making money and having fun," says Linda Reddy, Supply Chain Director at Nando's South Africa. "Our values say it's okay to make mistakes and try different things. The company has a long history of things that haven't worked out and things that have worked out successfully. So, it's built on a strong foundation of those values and it's really made the business what it is today."

And while having fun, Nando's continues to innovate and recalibrate its business model to include more restaurant relocations and build off the Peri Deli concept launched in 2008. Nando's has now also introduced 'drive-thru' restaurants in South Africa, something that has proven a popular concept. Takeaway food is a huge business in South Africa, and Reddy expects the drive-thru format to expand to the UK and Australia.

*Source: Business Chief, 2016.<sup>80</sup>*

### Questions

1. To what do you ascribe Nando's success as an international South African brand?
2. How far do you think the Nando's brand can stretch in terms of food and food related product categories?

its approach from owning different brands for different customer needs, to limiting the number of brands needed to work together as part of the whole. The set of criteria for brand selection and removal are developed in this phase. A brand relationship mapping process is proposed to inventory, classify, and group existing brands in a portfolio.<sup>81</sup> This suggests looking more broadly at the portfolio to define:

- Brand relevance and credibility to address various customer needs
- Perceived limitations that may inhibit brand and thus business growth
- Brands that overlap and can be consolidated into others or divested
- Gaps in the brand portfolio and the relative size of potential opportunities.

### Phase 3 Brand development model

The third phase in building a brand portfolio is creating a brand development model based on structured brand grouping. This phase includes establishing specific criteria for operating a portfolio of brands in order to contribute to SCA. The brand development model includes a growth plan for each brand and the relationships between brands. During this phase, the brand portfolio becomes more than just the sum of its parts. It also includes brand portfolio planning – a periodic and discrete event that allows marketers to evaluate progress and chart the course ahead.

Brand portfolio planners should adopt a four-step process when deciding whether to ‘support, sell, extend, split, reposition or consolidate’ each of the brands in their portfolios.<sup>82</sup> The four-step process to renew a brand portfolio follows:

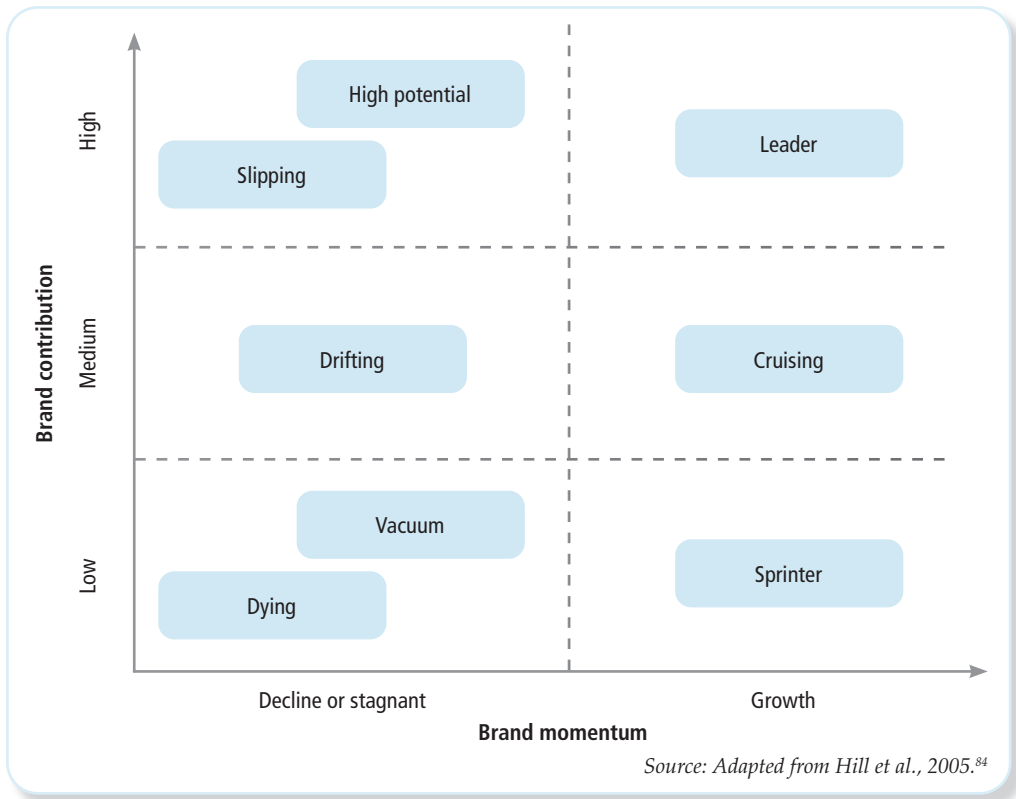
1. The first step is to understand the contribution of each brand, including annual brand revenues and direct and indirect marketing expenditure on the brand
2. In the second step, marketers assess each brand’s momentum in the marketplace by understanding the direction in which

it is heading – referred to as momentum. Momentum is the subjective measure of the possible movement of the brand, informed by qualitative discussions with employees, customers, competitors, and the media

3. In the third step, each brand is mapped on the brand renewal matrix, according to its relative level of brand contribution and its measure of brand momentum (see Figure 6.10). This mapping relates to the eight brand categories discussed in Table 6.3
4. The final step, and an important element of the brand development model phase of building a brand portfolio, is to develop a plan for each brand in the portfolio, as well as an overall portfolio plan.

The alternatives can include deleting a brand (as Nedbank did with the Perm brand when it merged with Old Mutual Bank), reposition or extend a brand (as Entyce Beverages did with the Five Roses brand when it launched a range of flavoured teas), and promote or demote a brand (as Massmart did with the Dions retail brand when it became Dion Wired). Marketers should follow four principles when developing plans for each brand:<sup>83</sup>

- Push high potential (sleeper) brands to their full potential – high potentials are strong brands with untapped potential for category growth or geographic expansion, for example, Unilever’s Dove moisturising soap brand that has grown from 13 countries to over 75 and expanded into other categories, including deodorant
- Launch new brands or acquire them strategically, particularly when a gap is identified in an organisation’s brand line-up
- Rationalise overlapping brands that add unnecessary costs and complexity
- Shut down the weakest brands – that is, those that have lost relevance, market share, and profitability (see Table 6.4).



**FIGURE 6.10** Brand renewal matrix

### 6.6.2 Brand architecture

Brand architecture defines an organisation's approach to how a brand signs a product, and whether it does so independently of another brand.<sup>85</sup> The architecture therefore flows from the organisation's brand portfolio and focuses on the names and images employed across the portfolio. Figure 6.11 depicts a brand relationship spectrum, with four strategies and nine sub-strategies.<sup>86</sup> This illustrates the continuum between a house of brands strategy that includes an independent set of stand-alone brands to a branded house (a single master brand) that spans multiple offerings with descriptive sub-brands. The brand relationship spectrum therefore relates to the 'driver role' that brands play, reflecting the degree to which a brand drives the

purchase decision and user experience. For marketers, the key to success lies in clearly defining an overriding brand architecture strategy that is grounded in and informed by a clear understanding of the customer, the market, competitors, and the organisation's business strategy.<sup>87</sup>

The house of brands strategy includes a portfolio of sub-brands that act independently of each other and the corporate brand. In this architecture strategy, the driver responsibility is devolved, allowing each sub-brand to differentiate itself in a way that appeals to its chosen market segment. Entyce Beverages has followed this strategy with its tea, coffee, and biscuit brands, including Five Roses, House of Coffees, and Bakers.

**TABLE 6.3** Eight categories for brand classification

1. A leader brand is a significant revenue contributor and has positive momentum. As a source of competitive advantage, a power brand should be managed carefully and defended with stable resources. This kind of brand has also been referred to as a power brand.<sup>88</sup>
2. A high potential brand is a significant revenue contributor that requires additional support to grow into the next power brand. This kind of brand has also been referred to as a sleeper brand.
3. A slipping brand is a significant revenue contributor that has negative momentum. Immediate action is required to fix or sell the brand. This kind of brand has also been referred to as a slider brand.
4. A cruising brand is an average revenue contributor that is moving forward steadily and should receive management attention every few years. This kind of brand has also been referred to as a soldier brand.
5. A drifting brand is an average revenue contributor who, despite enjoying a loyal following, has stagnant growth. To justify its place in the portfolio, price adjustments and communication support may be required. This kind of brand has also been referred to as a wallflower brand.
6. A sprinter brand is still a weak revenue contributor, but has taken off in its market and is on track to play a bigger role. This kind of brand has also been referred to as a rocket brand.
7. A vacuum brand is a weak revenue contributor that has stagnant momentum. Clear targets and tracking are required to avoid over-investment. This kind of brand has also been referred to as a black hole brand.
8. A dying brand is a weak revenue contributor with negative momentum, that should be sold or retired soon. This kind of brand has also been referred to as a discard brand.



**FIGURE 6.11** The brand relationship spectrum

The endorsed brands strategy includes a perceptual link between a corporate brand and its sub-brands, but only enough to transfer more general values such as credibility, reputation, and quality.<sup>90</sup> After its acquisition

of Absa in 2005, Barclays adopted an endorser brand position, with Absa reflected as a 'member of the Barclays Group' - until the Absa Group separated from Barclays in 2018.

**TABLE 6.4** Possible reasons for deleting brands

- The brand has an adverse impact on the organisation's image and reputation
- Deleting the brand will free resources to invest in other brands with greater potential
- Deleting the brand will reduce the complexity of the organisation's marketing efforts
- Deleting the brand will counter the decreasing efficiency and effectiveness of traditional media and distribution channels.

Source: Adapted from Varadarajan, DeFanti & Busch, 2006.<sup>91</sup>

*The sub-brands strategy* involves significantly greater affiliation between the corporate brand and its sub-brands than the endorsed brands strategy, allowing shared associations and stronger links. Plascon's Micatex (mica for stretch and marble for strength) and Velvaglio (heat, chip, and steam resistant) paint brands demonstrate the value of using both the corporate brand and sub-brands as equal drivers of customer purchase behaviour.

*The branded house strategy* uses a dominant corporate brand in a driver role to support other descriptive brands. The Discovery Group, a leading financial services institution, uses this strategy to organise and sign the brands in its business. In South Africa, Discovery operates in the health insurance market through Discovery Health, the financial services market through Discovery Invest and Discovery Bank, and in the wellness arena through Discovery Vitality.

## Conclusion

Brands are an integral part of our daily lives, as well as very valuable and sometimes complex business assets. Brands are the result of behaviour and exist in the mind of the customer. As such, they are crafted by every action taken by employees as well as by customers, suppliers, and other stakeholders. They often involve intense emotions, as they are 'owned' by a diverse group of people who

may use the brands partly to inform their self-image.

In this chapter, we explored the role of brands such as Castle Free, Ford Kuga, Tyme Bank, Nando's, and Nedbank in the strategies of their organisations. We looked at how to understand brands, how to build and manage them in consumer and business markets, and how to position them for greater competitive advantage. The issues surrounding the Castle Free brand extension illustrate the opportunities and challenges facing brand owners, especially considering the ways in which social norms and consumer preferences evolve. We learnt about the value of these intangible assets and the serious implications, often financial, of brand decisions taken.

We also investigated the management of multiple brands within one organisation. The strategic decisions that shape the scope of a brand portfolio and the most suitable architecture for that portfolio significantly contribute to the performance of an organisation. Many of the tools, techniques, and approaches highlighted in this chapter can be used to evaluate the potential and performance of brands in an organisation. They are therefore focused on enhancing brand equity as a driver of long-term SCA.

## Summary

This chapter focused on the role of brands in an organisation and provided a comprehensive brand framework to manage these. It has also explored the role and application of positioning in developing a differentiated and appealing value proposition. We discussed the concept of an all-encompassing and holistic brand in consumer and business markets, particularly as it relates to the emotional benefits offered to consumers. We explored the building of such a brand, including the central idea around which all channels to market are aligned. We then outlined the brand identity and elements that make up brand imagery. We discussed the idea of positioning as the

process of managing consumer perceptions of a brand, product, or service offering. We outlined the positioning process, including establishing category membership to assist prospective consumers in understanding the role of an offering in their lives. The next step of defining desirable and deliverable POD for the offering was included. We discussed a number of possible ways of differentiating products and services, including perceptual differentiation.

We explored the alignment of an internal brand identity with an external brand image, including the organisational delivery of the brand promise, and the role of an employer brand in driving employee behaviour. The rejuvenation of a brand, including repositioning the offering in the mind of the consumer, was discussed as part of actively managing and measuring brand equity. Organising, naming, and structuring a set of multiple brands in an organisation in order to gain benefit from the relationship between them was discussed under brand portfolio management. We outlined the brand accumulation, reformation, and development model phases of building a brand portfolio, including a brand portfolio renewal framework and related tools. We also highlighted the role of a corporate brand in brand architecture.

### *Marketing Plan Input*

Brands are central to marketing strategy. Along with decisions about segmentation and targeting, positioning is core to crafting a competitive marketing strategy. This chapter assists with formulating the following sections of a marketing plan: positioning a brand, product, or service offering in the market; building a brand, including elements and identity; organising multiple brands in an organisation; aligning internal and external branding; differentiating an offering to appeal to a chosen target market; and measuring and adjusting strategy.

### Discussion questions

1. Which aspects of a brand should be considered in a brand repositioning exercise?
2. Exxaro's energy business was separately branded as Cennergi, in a joint venture with Tata Power. From a marketer's perspective, discuss what this means to the Exxaro brand, and some of the implications.
3. How would you manage the Castle Lager and Nando's brands over time? Do you agree with the brand portfolio decisions they have taken? Objectively motivate your answer.
4. Why do you think the Apple brand has been able to stretch so far and traverse so many industry sectors and product or service offerings?
5. How do you think a company should determine which social responsibility initiatives it should support?
6. Do you believe that it is important to build brand on the inside of an organisation? What are the advantages of doing so, and whose responsibility do you think this is?
7. Do you think the apology from Ford South Africa's CEO, Jeff Nemeth, in 2017 was appropriate? What else could Nemeth have done in 2016 and 2017?
8. What criteria would be important in deciding which brands to include in a portfolio and how to organise that portfolio?
9. If Investec was to create or acquire another brand, how could it structure its brand architecture?
10. How would you evaluate the brand(s) in your organisation (or an organisation of your choice)? From the perspective of a marketing director, how can the organisation best reflect the value of its brand(s)?



## E-Activities

- Visit the British American Tobacco South Africa website (<http://www.batsa.co.za>) and review the group's brands. What do you notice in terms of the age of the brands? Why do you think this is so? In terms of brand architecture, how would you describe British American Tobacco South Africa?
- Watch Andile Khumalo, Fellow of the GIBS Centre for African Management and Markets, in conversation with Junior Ngulube, CEO of Sanlam Emerging Markets, Sanlam, at <https://www.youtube.com/watch?v=ujfiRzX1YYs>. Do you agree with Sanlam's rebranding in Africa and their

approach to their brand portfolio on the continent? How do Ngulube's views relate to this chapter's discussion of brand portfolio and hierarchy? What are the brand implications of their management localisation strategy?

- Watch Andile Khumalo, Fellow of the GIBS Centre for African Management and Markets, in conversation with Philiswe Sibiyi, founding chair and CEO of Shingai Group and former CEO of MTN Cameroon, at <https://www.youtube.com/watch?v=pqqPmXJL-Ek>. Do you agree with Sibiyi's optimism about Africa? How could her reflections about South African arrogance and hubris influence how you would build a brand within one or more countries in Africa?

## Key Terms

- Brand alignment: the business process of ensuring consistency between a brand's positioning and meaning, inside and outside the organisation.
- Brand identity: creating a visual representation of a brand through a name, logo, logotype, colour, and style.
- Brand portfolio: organising, managing, and marketing multiple brands owned by a single company.
- Brand valuation: determining a financial value for an intangible brand asset owned by an organisation.
- Differentiation: setting apart an organisation's offering to be superior on at least one dimension that is important to the customer.
- Internal branding: business activities that develop a deeper sense of an organisation's brand within its employees.
- Positioning: the business process that designs a brand, product, or service to occupy a relative position in the consumer's mind.

### Further reading

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## Closing Case Study

### SEE MONEY DIFFERENTLY

The Nedbank of 2004 was faced with seemingly insurmountable challenges and a highly uncertain future. Under the leadership of the newly appointed chief executive at the time, Tom Boardman, the bank embarked on a bold turnaround strategy, underpinned by the brand proposition of ‘make things happen’. Apart from dramatically improving financial performance and restoring the faith of investors and the financial community at large, a key challenge existed in taking the Nedbank brand from being a niche market player up against better-funded mainstream competitors, to one that would be more customer focused and would appeal to a broader spectrum of the market. While re-engineering the business as a whole was a key part of the bank’s turnaround, the role of the brand proved to be a critical catalyst in the transformation of the new Nedbank several years later.

The appointment of Mike Brown as chief executive (formerly financial director) in March 2010, saw Nedbank further solidify its position in the South African market and increasingly across the African continent. The bank operates directly in six SADC countries including Lesotho, Malawi, Mozambique, Namibia, Eswatini and Zimbabwe. Under the Ecobank-Nedbank Alliance (ETI) it also has a footprint across 39 countries in West and Central Africa, and it services high-net-worth clients through a presence in Guernsey, Isle of Man, Jersey, and London as well as a representative office in Dubai.

At the financial year ending December 2018, Nedbank reported key performance indicators such as total assets exceeding R1 trillion for the first time in the history of the bank, headline earnings of R13,5 billion, a CET1 capital ratio of 11,7 per cent, making it the fourth largest bank in Africa by tier 1 capital, with a market capitalisation of R136 billion. These results have been delivered by a total of 31 277 employees and Nedbank has been included in the Dow Jones Sustainability Emerging Markets Index since 2004 – a significant turnaround and result over a comparable period. The brand rejuvenation and repositioning of early 2017 continues to support business growth and results, and positions Nedbank favourably for further pan-African success.

<b>VISION</b>	TO BE THE MOST ADMIRABLE FINANCIAL SERVICES PROVIDER IN AFRICA BY OUR STAFF, CLIENTS, SHAREHOLDERS, REGULATORS AND COMMUNITIES.	
<b>INSIGHT</b>	MONEY WELL MANAGED CAN MAKE A REAL DIFFERENCE TO PEOPLE’S LIVES. ONE SHOULD ALWAYS TAKE IT SERIOUSLY.	
<b>PURPOSE</b>	TO USE OUR FINANCIAL EXPERTISE TO DO GOOD FOR INDIVIDUALS, FAMILIES, BUSINESSES, SOCIETY.	
<b>ESSENCE</b>	WE’RE MONEY EXPERTS, WHO DO GOOD.	
<b>PAY-OFF LINE</b>	SEE MONEY DIFFERENTLY.	
<b>PROOF POINTS</b>	EXPERT STAFF   EXPERT INSIGHTS FOR INNOVATION   MEANINGFUL OUTCOMES AS A KEY DRIVER   REAL FINANCIAL GUIDANCE.	
<b>FUNCTIONAL BENEFIT</b>	<b>BUSINESS TO CONSUMER</b>	<b>BUSINESS TO BUSINESS</b>
	WE HELP YOU USE YOUR MONEY TOWARDS A BETTER END.	OUR SOLUTIONS HAVE A LONG TERM POSITIVE IMPACT ON YOUR BUSINESS.
<b>EMOTIONAL BENEFIT</b>	YOU BUILD CONFIDENCE WITH YOUR MONEY.	YOU BUILD TRUST AND CONFIDENCE IN YOUR BUSINESS AND YOUR PARTNERSHIPS.
<b>BRAND CHARACTER</b>	INSIGHTFUL   CONSIDERED   CHALLENGING   APPROACHABLE   ACTION-ORIENTED   PURPOSEFUL.	

Source: Nedbank Brand Strategy, 2017.<sup>92</sup>

**FIGURE 1** The Nedbank brand print

The Nedbank brand print framework is an extract from the broader Nedbank brand strategy developed in 2016, with the launch of the new brand positioning and promise landing in early 2017. Central to this update is the expansion of the vision beyond South Africa, emphasising the bank's broader pan-African aspirations. It also includes a statement of purpose which has been instrumental in guiding strategy and decision-making, seeking an optimal balance between long-term value creation and short-term results.

Various aspects of the brand update are considered below.

### PURPOSE STATEMENT

The introduction of the purpose statement, emphasising the use of financial expertise to do good for the bank's key stakeholders – individuals, families, businesses, and society – is instrumental in defining the brand update and ultimate market position. It highlights the expected capability of a bank's expertise and competency but frames it in the context of developing and delivering products and services that satisfy unmet societal needs, enabling a thriving society, creating long-term value, maintaining trust, and ultimately ensuring the success of the Nedbank brand. This purpose-led, values-driven approach ensures that Nedbank organisational and governance efforts facilitate economic growth as well as job and wealth creation that is responsive to the broader societal and environmental context, enabling a long-term social license to operate.

### BRAND PROMISE AND EXPRESSION

The promise to market suggests that customers and clients should 'see money differently'. This is extracted from the purpose statement of the bank, often referred to as its 'True North', in a brand essence that captures the positioning succinctly, around money experts, who do good. The alignment between purpose, essence, and promise is clear and the proposition to market is compelling. Doing good is not defined in the narrow form of philanthropy but rather in a philosophy of doing business ethically based on a trust relationship with stakeholders. The Nedbank marketing and human resources team are also working collaboratively on the Nedbank People Brand to develop an aligned employee value proposition (EVP) directed at both existing employees and future talent of the bank.

### BRAND IDENTITY

Nedbank was previously seen as outdated, traditional, and not a bank for all. Nedbank needed to be seen as modern, unique, innovative, inclusive, approachable, wise, and caring. A new business strategy demanded a new aligned positioning and identity. The aim, to be the most admired financial services provider in Africa, meant that Nedbank must also be the most admired financial services brand in Africa.

The iconic N in Nedbank carries the brand equity and is retained as the anchor of the brand identity. It has been slightly evolved and broken out of its former circular holding device to ensure that it can be applied consistently to anything from a smart watch to a billboard. In the process, the brand is modernised and made more agile and dynamic in order to embrace the digital era.

A key aspect of brand identity is what is defined as the visual language or myriad brand elements that make up the whole. The renewed visual language was inspired by the purpose statement which embraces Africa, is different, does good, and is expert. These have all influenced the updated brand – from rejuvenated colour palette treatment, incorporation of African patterns derived from the geometric shapes of the N symbol, through to imagery that is truthful, authentic, optimistic, and reflective of the diverse culture that is Africa.

## BRAND ARCHITECTURE

Over the last 15 years, Nedbank has made a conscious strategic move toward a monolithic brand that unifies its business clusters and optimises the brand positioning, spend, and impact. This has seen established brands such as BoE, as a recent example, integrate into the Nedbank brand, with a partner brand model being applied to acquired banks in new African markets. The key exception to this strategy is the ETI network which markets under the Ecobank brand. This is a function of the ownership and operating model and remains a brand work in progress. The increased emphasis on digital has also brought new challenges to the brand architecture framework as there are product and service initiatives that aim to compete in new, disruptive spaces brought about by the dynamism of the fintech trend. This is likely to keep testing the existing Nedbank brand architecture system as digital will grow exponentially and needs to be flexible and agile.

## DIGITALISATION

Nedbank recognises the innovation opportunities and disruption challenges brought about by the Fourth Industrial Revolution and has initiated projects through their Managed Evolution (ME) and Digital Fast Lane (DFL) capabilities to improve their response to digitalisation and growth in the online environment. This uses agile development methodologies and new 'ways of work' (nWoW) adopting the global gold standard in user experience wherever possible. These developments are accelerated with the advent of new players in the financial services industry which is increasingly defined as one without boundaries. This requires similarly accelerated interventions and a new breed of leaders who will lead through innovation and technology to disrupt the market. As an example of the brand and product implications of this, Unlocked.me is a new online commerce platform offered by Nedbank to cater for the needs of millennials, with special deals on fashion, lifestyle, tech and travel experiences. Another is the Karri app which is a convenient mobile payment app that allows parents to make instant online school-related payments.

## BRAND IMPLEMENTATION

The implementation of brand in support of business strategy is wide-ranging and covers many dimensions across the traditional marketing mix, as well as the innovative, disruptive marketing of the future. In support of the product innovation initiatives Nedbank undertakes, they continue to place significant emphasis on service innovation as well as with both the RBB (Retail and Business Banking) and CIB (Corporate and Investment Banking) clusters, each running service excellence initiatives aligned to the respective needs of their markets and client base.

Nedbank's Affinity programmes remain a central pillar in supporting the overall brand positioning and they are key brand properties. These range from Green Affinity, to Arts Affinity and Sport Affinity. In addition, the Children's Affinity ties to the support of the Nelson Mandela Children's Fund. Sport sponsorship, such as soccer, golf, and road running is also retained as an essential brand implementation strategy.

An emergent aspect of the Nedbank brand implementation strategy has also seen the inclusion of social initiatives such as #VaxTheNation, a campaign that aims to shine a light on the importance of immunisation and providing life-saving vaccines, and funds the work of community healthcare personnel. In a continued drive to encourage and build a better society, in 2018, Nedbank entered into a partnership with international advocacy organisation Global Citizen to bring the concert-style Global Citizen Festival to the African continent for the first time. The concert was aptly named the Global Citizen Festival: Mandela 100 in celebration of the great icon's centenary year. Other thought leadership sponsorships such as the Integrated Marketing Conference and the IMM Graduate School Marketing the Future series have also found a good fit in the Nedbank portfolio under the new brand positioning.

At a distribution level, Nedbank has continued to explore the branch of the future, expressing the new updated brand in a brick and mortar context, while staying mindful of the trend towards digital platform brands and the cost implication of major branch upgrades and signage conversion, an element that was considered in the brand identity evolution. At a geographic level, the Nedbank franchise has a competitive advantage in SADC and East Africa, while the ETI strategic alliance provides access to the faster GDP growth rate economies in sub-Saharan Africa.

Sustainable banks also deliver great service and client experiences through their people and Nedbank has a strong focus specifically on leadership, culture, and values. Nedbank is currently engaged in the renewal of the employee value proposition (EVP) to amplify the talent brand internally in the organisation amongst the existing employee base and to extend it to future talent to the organisation. This EVP strategy will work in conjunction with the Nedbank purpose and values, highlighting key pillars of the employer brand and ultimately shaping people behaviour in the organisation, which remains a critical interface with technological developments.

In conclusion, Nedbank's performance over the last 15 years has seen it encompass 7,9 million<sup>93</sup> active clients in 2018, spanning retail, wealth, SME, business banking, and corporate clients. At an individual level, this ranges from children to seniors and from entry-level clients to high-net-worth individuals. In the context of legal entities, this covers trusts, non-governmental clients and associations, small businesses, large corporates, and the public sector. Nedbank has indeed come a long way in being a bank for all and will continue to challenge the market, asking all stakeholders to see money differently.

### Questions

1. Articulate your perception of the Nedbank brand as a pan-African market player.
2. Do you perceive Nedbank's brand as being different from the other three primary competitors in South Africa? And as against other leading players across the continent? Fully motivate the reasons for your answers.
3. Debate the merits of the brand architecture strategy that Nedbank followed. Do you believe this to be the appropriate strategy, or should Nedbank have retained its previous brand portfolio that included other well-established brands? How do you see this strategy holding out in a digital era?
4. What do you think the future holds for Nedbank, and how can it build on its current platform of a successful South African bank with greater pan-African growth aspirations?

### Suggested websites

Bizcommunity.com (<http://www.bizcommunity.com/>) – Africa's leading daily advertising, marketing, and media news resource

Brandchannel.com (<http://www.brandchannel.com>) – a highly informative, brand knowledge-sharing portal initiated by leading international brand consultancy, Interbrand  
Interbrand ([www.interbrand.com](http://www.interbrand.com)) – a global branding consultancy that has pioneered many of today's branding tools, methodologies, and foundational brand valuation principles

Brands and Branding Community (<http://www.brandsandbranding.co.za>) – a useful online reference launched as an extension of the well-established Encyclopaedia of Brands & Branding, which covers an increasing spectrum of pan-African views.

HKLM (<http://www.hklmgroup.com>) – a leading South African brand consultancy reflecting a strong portfolio of branding projects across Africa, and a range of international emerging markets

MarkLives.com ([www.marklives.com](http://www.marklives.com)) – an advertising and marketing news site with

regularly updated information on branding strategies currently being implemented Ries & Ries (<http://www.ries.com/>) – the global portal for Ries & Ries, a consultancy founded by marketing strategist Al Ries and his daughter Laura Ries.

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