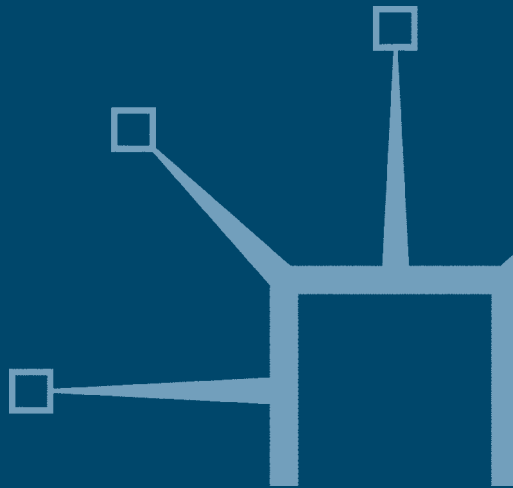


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THE BRAND GLOSSARY

Edited by
Jeff Swystun



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Introduction

The most powerful ideas are simple, and brands adhere to the same rules. Just ask a few people you know, who aren't in the industry, and you will find that they are able to articulate the idea behind a great brand in just a few short, focused words. Good branding is therefore "easier said than done."

Creating simple, but powerful, differentiation in the minds of your customers, your staff, indeed all your stakeholders, requires a clear and compelling vision that is expressed in everything you do; from product to service, through environments, to the people you hire, and the way you talk about yourself. Maintaining such simplicity throughout the complex systems, processes, and politics that characterize modern business is a considerable task, requiring absolute focus, passion, and conviction. No wonder then, that as competition increases, brands are playing an ever-increasing role in business strategy.

It is now common knowledge that branding is fundamental to business success, and probably why our *Best Global Brands* league table is one of the top three published business rankings in the world. At Interbrand we have always placed great emphasis on the need for a balance between the logical and the creative. Brands, after all, live in our heads and our hearts.

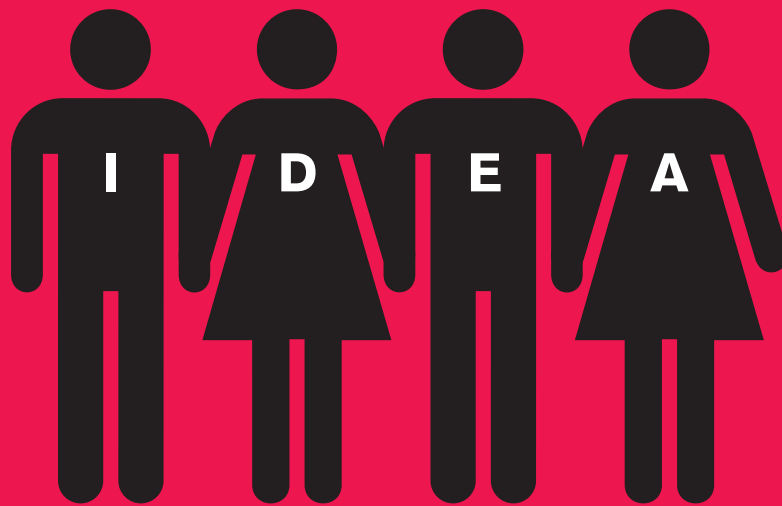
But ultimately, brands are value generators for business and this is our true obsession; using our creativity and strategic thinking to create value. Indeed, increasingly we are serving the need for a deeper understanding of how brands generate value and the use of that information to inform better business decisions.

Initially, we thought it strange to be creating a glossary, which by its nature makes complexity easy to understand, about a subject area that demands simplicity! But the language of branding simply reflects the depth of the subject and, as we all know, brand language is varied, misunderstood, and often abused. This book became our duty, indeed a labour of love!

With this glossary, the people of Interbrand have set out to demystify, educate, inform, and entertain. We hope to provide a common language allowing us, the brand practitioners, owners, and otherwise interested parties, to focus our debate and energy on improving our use and understanding of brands as a force for business.

A simple idea indeed.

Jez Frampton
Group Chief Executive
Interbrand



Behind every great brand is a great idea

Acknowledgements

If you are setting out to edit a glossary (and I am quite confident that few of you are) there are three lessons worth sharing. The first is to more than double your original estimate of the time required to complete such an effort. I affectionately compare the process to that of cutting off a head of the mythical monster Hydra – complete one term and it produces two more.

The second lesson is to ensure it is not the only project you are pursuing. Diversions will maintain your sanity and actually offer greater context. Through the process I found myself re-examining many areas that are taken for granted, such as, how we process communications and information, how we purchase brands, and how subjectivity and objectivity compete in decision-making. This helped shape the content.

The third and most important lesson is to have access to the leading subject matter experts. I thankfully had access to over 1,100 of my colleagues, representing different branding disciplines from all regions of the world. Their brainpower is truly impressive and I wish to acknowledge outstanding individual contributions.

Jason Baer (New York) provided expertise in naming and verbal identity with his infectious enthusiasm for this aspect of branding. Walter Brecht (Cologne) put himself in the place of his clients to continually challenge the content. Jean-Baptiste Danet (Paris) provided calm guidance and support during the entire process. Rita Clifton (London), a recognized expert on global branding, offered valuable feedback throughout. Julie Cottineau (New York), innovator of Brand Tango, lent a hand in

various areas. Matthew Cross (San Francisco) ensured we covered all the terms important to his clients and students.

Alfredo Fraile (Madrid) provided a distinct and valuable European perspective. Jan Lindemann (London), a leader in brand valuation and measurement, made sure we kept matters appropriately tangible. Jessica Lyons (Melbourne) lent a hand from down under. Q Malandrino (New York) shared his expertise in brand culture. Jerome McDonnell (New York) focused on brand protection. Andy Milligan (London), author of many brand books, identified current trends. Lorena Noriega (Buenos Aires), who has a great passion for brand consulting, undertook tremendous research.

Larry Oakner (New York) articulated the differences between internal communications and brand culture. Terry Oliver (Tokyo) made sure that the book took into account the rapid changes taking place in Asia. Sam Osborn (Melbourne) was a tremendous support in content, comment, and editing. Sarng Park (Seoul) represented the views of brand-savvy South Korea. Re Perez (New York) provided guidance in the area of brand culture. Román Pérez-Miranda (New York) offered up the Latin America-Iberia perspective, a region whose brand sophistication is growing exponentially.

Robin Rusch (New York), the first editor of leading brand website brandchannel.com, contributed to the online branding and brand automation areas. Gary Singer (New York) was a great supporter and contributor to key terms. Bev Tudhope (Toronto) helped on the nexus of branding and investor communications. Thomas Zara (New York) took on terms with vigor and intellect.



Decoding the mystery of consultant speak

Branding has a huge creative and visual component and this is reflected in the theme and design of this glossary. Chris Campbell led the creative direction of the book with support from Gary Ludwig. Lynne Northwood developed the original concept. John Spicer ensured that the dual efforts of content and design wove seamlessly together. Ronan Tiongson and Michèle Champagne designed the majority of the illustrations and overall layout that help immeasurably to bring the terms to life.

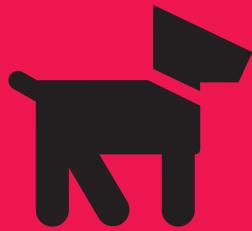
Stephen Rutt of Palgrave-Macmillan deserves thanks for his great support and even greater patience. Thanks to Steven Schwartz, a thirty-year veteran of written business communications, who worked on the terms and ensured quality and consistency. A very special thanks to Lisa Marsala, who worked tirelessly to see this book to market from initial concept, to term development, to design, to marketing and promotion.

What you will find within is a great start, but it is admittedly a work-in-progress. A dictionary can claim to be definitive while a glossary, though a respected authority, captures a point in time in the evolution of a certain practice. We expect the glossary will require frequent updates to stay apace with branding's development. We also anticipate and welcome feedback in the hope of establishing a shared lexicon from which all can benefit. Send your

comments through www.interbrand.com and visit www.brandchannel.com to contribute to the brand debate.

From the outset, we intended the glossary to be a valuable companion rather than a dusty reference book forgotten on a shelf. It contains terms, illustrations big and small, facts, and relevant quotes, all to help communicate the practice of branding. The book is designed to inspire you to learn, question, and explore. I will know we have been successful when I see someone with their dog-eared copy full of Post-its, marked pages, doodles, and scribbled ideas for the next great brand.

Jeffrey Swystun
Global Director
Interbrand



A valuable brand companion

“A brand is a living entity –
and it is enriched or
undermined cumulatively
over time, the product of a
thousand small gestures.”

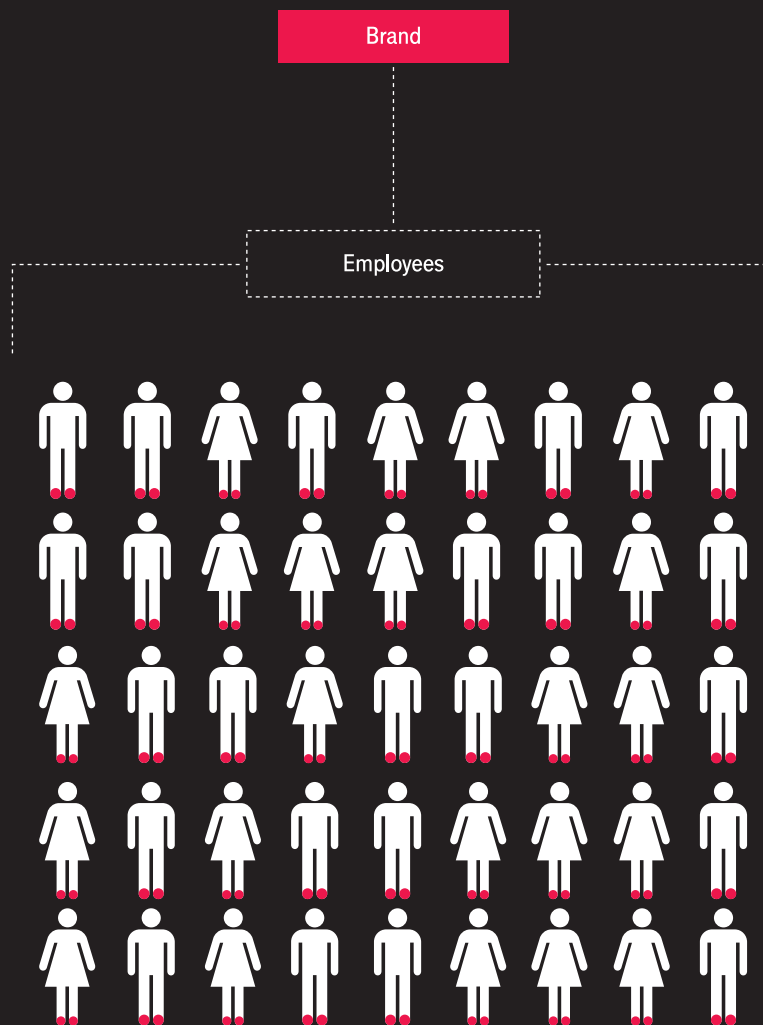
Michael Eisner





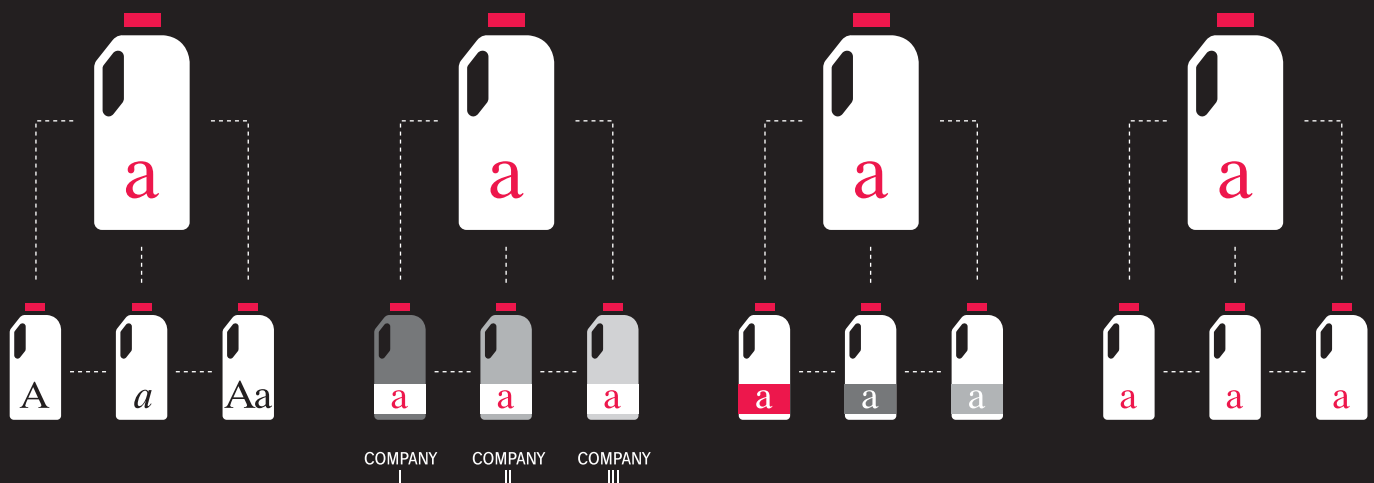
Alignment

Alignment is achieved when employees understand and demonstrate a company's brand and its values through their behavior and actions. It is an increasingly critical aspect of branding as it ensures that the brand experience matches and aligns with the promises made through external communication. Employees are recognized and rewarded based on their adherence to brand objectives so that consistency, a key aspect of branding, is delivered.



Architecture

Brand architecture is how a company structures and names its brands and how all the brand names relate to each other. Architecture is a critical component for establishing strategic relationships, and there are three types: monolithic, where the corporate name is used on all products and services offered by the company; endorsed, where all sub-brands are linked to the corporate brand by either a verbal or visual endorsement; and freestanding, where the corporate brand operates merely as a holding company, and each product or service is individually branded for its target market. There are multiple variations of these three primary structures. The key requirement is that any architecture be devised with the customer as primary focus, rather than by internal influences such as accounting, people organization, or history.



Holding Company

The product/service brands stand alone with limited connection to the corporate brand.

Endorsed

The product/service brands are prominent with an endorsement from the corporate brand.

Maker's Mark

Both corporate and appropriate product/service brands are used with the emphasis on the product brands.

Masterbrand

One brand to identify all products/services and descriptors to unique product competencies.



Brand Fact:

80 percent of companies believe they deliver a superior customer experience, but only 8 percent of their customers agree, according to Bain & Company.

Artwork

Digital files of a design or logo that are ready for print or production. Design work will be artworked following design approval. The artwork file ensures the correct size specification, resolution, colors, fonts, and optimum layout before handing over for print or production.

Asset

Something that possesses attributable value and earning potential for its owner. There are three asset types: current, fixed, and intangible.

Associations

The positive and negative feelings, beliefs, or knowledge consumers have about a brand, whether purchased or not. These associations are formed by mass media, word of mouth, trial use, and/or repeat use. Positive ones are leveraged, while negative ones are often difficult to overcome once they have taken root.

Attitude

A lasting, but general, evaluation of an object. Attitudes may cover brands, products, services, organizations, advertisements, innovations, ideas, issues, activities, opinions, and individuals, and they are formed by what consumers hear and what their actual experience is.

Attributes

Attributes are characteristics of a company, product, or service. They can be either positive or negative and can be functional (what a product does) or emotional (how it makes a person feel). Attributes are measurable and can be benchmarked versus important competitors. If attributes are what a brand has, then benefits (what the brand does for a customer) are why certain attributes are important. Much market research is focused on understanding the most important and powerful attributes of a product, service, or brand.

| | | |
|---------------|---|-------------------------------|
| Modern | + | I like to be cool |
| Inspirational | + | I want the best |
| All-American | + | I'm buying national |
| Functional | + | I like being practical |
| Esthetic | + | I feel like a million dollars |

Audience Measurement

This is surveying consumers' media habits, including viewing, reading, listening, and usage. Audience measurement tracks trends and takes place over time or at marked intervals. The resulting insights have historically been based on behavior tracking, but now include monitoring consumer satisfaction. The objective is to determine attitudes and adjust products and services accordingly.

Audit

An audit is a comprehensive, systematic, independent, and periodic examination of an organization's performance. A *brand audit* specifically verifies performance, internal and external communications, customer experience, and so on. The results identify performance gaps, competitor advantages, and market opportunities. An audit is a blend of art and science employing quantifiable and qualitative data based on business and brand strategies.

See [Qualitative and Quantitative Research](#)

Awareness

Awareness is the degree of a consumer's knowledge about a specific brand. There are both quantitative and qualitative research techniques used to determine consumers' ability to identify a brand versus competitors in sufficient detail to make a purchase. Brand awareness is a common measure of the effectiveness of marketing communications. Unaided awareness is spontaneous, while aided or prompted awareness is when a brand is recognized among others that are listed or identified.

See [Aided Recall](#) and [Brand Awareness](#), and see [Qualitative and Quantitative Research](#)



Brand Fact:

On average, prices of private-label goods of all sorts are approximately 27 percent below branded products, based on research from Information Resources Inc.

Bb

this and *above-the-line* communications are becoming less and less accurate descriptors. Below-the-line activities may include publicity, direct marketing, promotions, and media relations.

Benchmarking

Benchmarking is a performance comparison. The most typical form takes place versus competitors or within specific industries. Its origins are in manufacturing, but it has been adopted in other industries, functions, and specific measurements. Benchmarks can be misleading if not taken in their proper context or in concert with additional variables that demonstrate a more complete picture of the situation being examined.

Benefit Segmentation

A method of dividing (segmenting) markets based on what individual groups want from a brand. For example, the market for beer might include a segment for light beers, another for dark beers, another for pale ales, another for imported brands, and so on.

Best Global Brands

This is an annual performance report on the economic value of the world's leading brands produced by Interbrand employing a proprietary methodology. Expressed in dollars and as a

percentage of market capitalization, the report ranks the top 100 brands using publicly available data on brands with values greater than US\$2 billion and which have significant sales outside the country of origin. Public relations firm, Burston-Marsteller, conducted a study on which rankings global CEO's pay attention to and the Best Global Brands was number three. Interbrand also conducts over ten country-specific brand rankings including France, Taiwan, and Brazil.

Boilerplate

A largely consistent set of written communications that is repurposed multiple times. Boilerplate is often used to produce collaterals or for frequent and similar responses to requests for proposals. Considered a timesaver and consistency tool, boilerplate is also dangerous as it may be overly generic or inaccurate for certain audiences and purposes.

Bottom-up Planning

This is when senior management request plans from more junior departments or managers for inclusion in corporate or marketing planning. The process is meant to inspire less senior levels to achieve performance targets since they are actively involved in the planning process. It is the opposite of top-down planning, where goals and objectives are set by senior management and are handed down through the ranks to be achieved.

Brainstorming

After an issue or opportunity is presented, stakeholders, subject matter experts, and/or completely objective participants are organized to have a "brainstorming session," a free-form discussion designed to achieve consensus about a solution and required next steps. Various methods of facilitation are employed to manage the process and its success often depends on the skill of the facilitator.



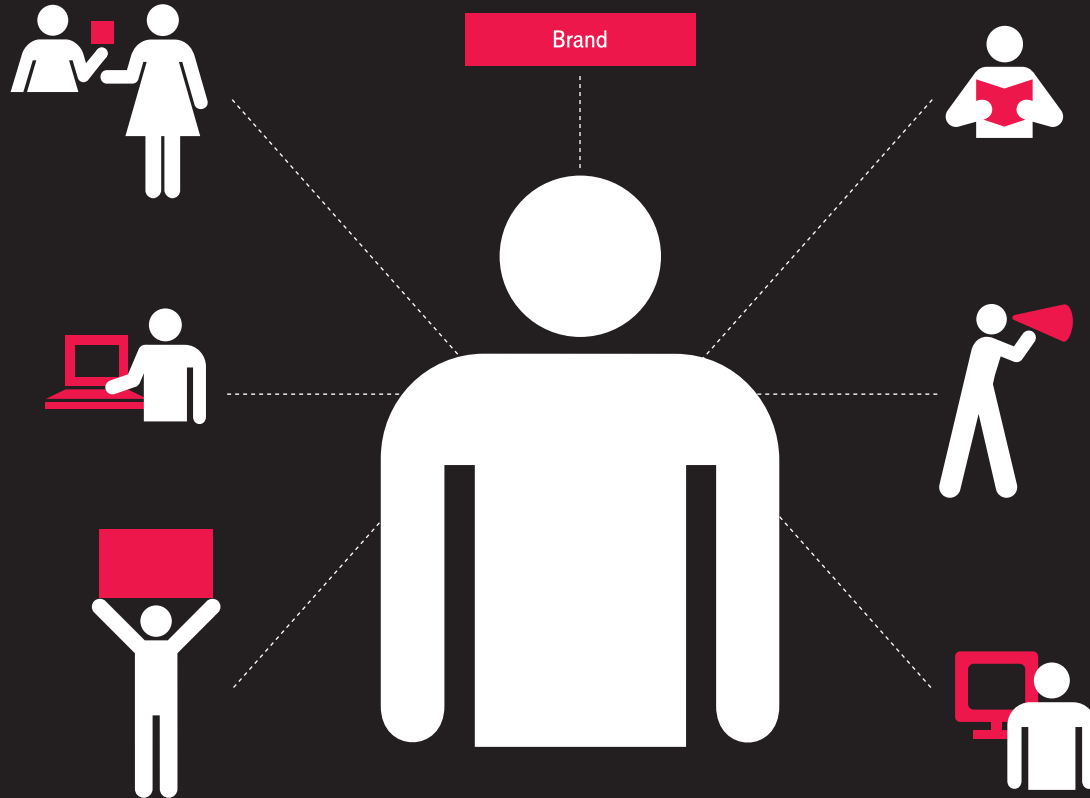
Brand Fact:

McDonald's has over 30,000 eateries globally. Starbucks has over 9,000 with a plan to expand to 30,000 based on sales projections and potential geographic locations. The ubiquitous coffee shop opens 3.5 stores per day.



Brand Experience

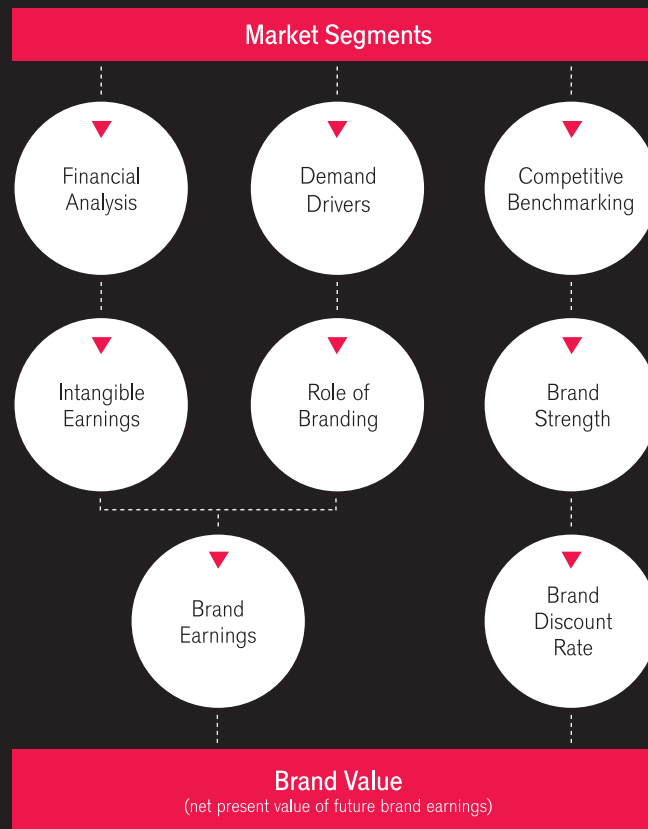
The means by which a brand is created in the mind of a stakeholder. Some experiences are controlled, such as retail environments, advertising, products/ services, websites, and so on. Some are uncontrolled, like journalistic comment and word of mouth. Strong brands arise from consistent customer interactions that combine to form a clear, differentiated, holistic experience.



Brand Valuation

Brand valuation assesses the financial value of a brand. Although there is a wide range of methods available, the “economic-use” approach is now the most widely recognized and applied. Economic use assesses the value of a brand by identifying its future earnings and discounting them to a net present value using a discount rate that reflects the risk of those earnings being realized. The economic-use approach was developed by Interbrand in 1988. The methodology integrates structured market and brand assessment with rigorous financial analysis.

These valuations drive management decision-making in many areas; optimized business investment, portfolio management, licensing, tax planning, litigation support, and mergers and acquisitions transaction support.





If this business were split up, I would give you the land and bricks and mortar, and I would take the brands and trademarks, and I would fare better than you.”

John Stewart, Former CEO, Quaker

and designs, website addresses, advertising slogans, and so on, to ensure that it protects all Pepsi’s associated distinctiveness.

Brand Strategy

Brand strategy is a “big picture” plan, a clear vision and articulation of how a brand will deliver distinctive and relevant benefits to target customers. An effective brand strategy answers five critical questions:

1. What are the most profitable customer segments to which the brand must appeal?
2. What is the single-minded value proposition that is going to compel these high priority customers to repeatedly choose the brand?
3. Why should these high priority targets believe in the brand?
4. What are the facts that support the value proposition?
5. How do we communicate and implement the branding, marketing, and operational plan so employees and sales channels will adopt it?

There is no prescription or template for developing a brand strategy. Many different models exist, but all should be rooted in the brand’s vision and driven by the principles of differentiation and sustainable customer appeal. And they must be based on specific industry and competitive variables.

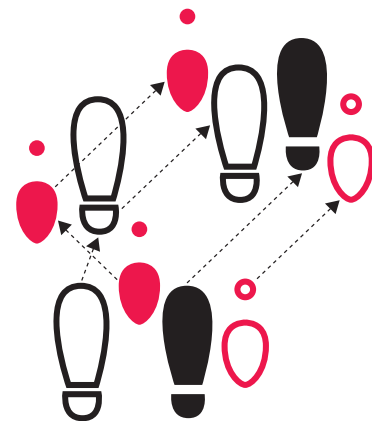
Brand Strength

A portion of Interbrand’s brand valuation methodology, this is a detailed assessment to decide if the brand’s forecast earnings will be realized. A discount rate is determined based

on the risk premium for the brand. This results in the net present value of brand earnings.

Brand Tango

Brand Tango is a proprietary approach to consumer branding developed by Interbrand. Its intent is to generate breakthrough ideas by applying best practices from winning brands outside a client’s category to inspire fresh thinking. It is accomplished through the repeated and multiple pairing of brands in symbiotic, yet often unexpected, combinations. Brand Tango itself takes its inspiration from the Argentinian tango. The tango is a dance executed with passion and style, where each movement is carefully choreographed and the outcome of each dance is uniquely dependent on the interaction and synergy of the two individuals dancing. This makes it the perfect metaphor for an approach to innovation: inspired combinations of brands for breathtaking results.



Brand Valuation

See page 18

Brand Value

This is the dollar premium resulting from customers’ commitment to a brand and their willingness to pay extra for it as compared to a generic offering in the same category. It is the financial worth attributable to the brand, and it



Brand Fact:

Forrester Research found that word-of-mouth, viral, or buzz marketing reaches up to 46 percent of North American consumers.

Buzz

This is a term that refers to media and public attention about a product or service. If there's a great deal of buzz, the brand managers are doing something right ... but if the silence is deafening, then it's back to the drawing board. *Buzz marketing* is based on this phenomenon, and relies on people passing along product information and recommendations to family and friends. See [Viral Marketing](#)



“The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.”

Peter F. Drucker







Brand Fact:

The *New York Times* reports that 80 percent of all global brands now deploy a strategy for the “tween” segment.

Cannibalization

What is called cannibalization occurs when a brand extension or line extension takes sales away from existing and established brands owned by the same company. Overlap between brands is not unusual, since consumer segments within a product category tend to have some commonality. But the risk in this overlap is that higher margin brands may be negatively affected by lower margin ones, resulting in overall losses of revenue and brand value.

Category Management

Credited to Procter & Gamble, this system was introduced in the 1980’s as an improvement over brand management. In brand management, managers are very entrepreneurial and pay little attention to competition with other brands owned by their company in the same or related categories. On the other hand, category management broadens managers’ responsibilities so they are responsible for the category’s and the brand’s overall financial well-being. They manage cannibalization (see above), optimization, and cross-promotion situations.

Cause Branding

Cause branding relates to a for-profit organization aligning itself with a charitable cause to share mutual benefits. The cause is generally an existing nonprofit organization that shares values, beliefs, and audiences with the for-profit. This is often the most visible act of corporate philanthropy and social responsibility. With the increasing sophistication of consumer response to shallow communications, alignment with a nonprofit organization must be a strategic and long-term commitment on behalf of an organization, service, or product.

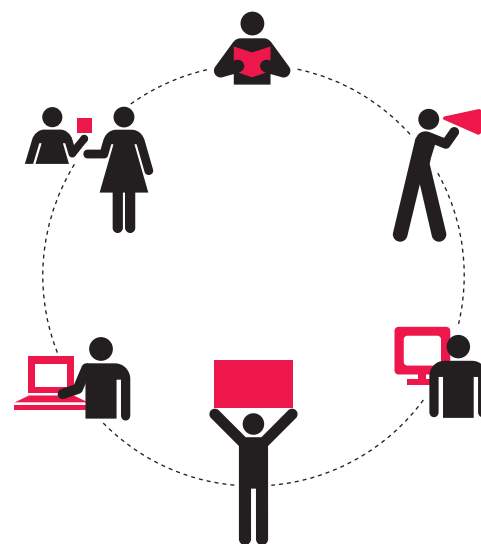
Challenger Brand

A challenger brand is a non-market leader that makes a strong effort to take market share away from its competitors, or a brand that

already has a strong presence but is trying to take over the leadership position.

Chain of Experience

All individual and potential touch points a customer can experience when interacting with a brand. These involve all five senses and must be managed holistically to ensure that the brand promised is the brand delivered. The chain of experience is frequently modeled to determine benefits prior to investment.



Champion

One step beyond brand ambassadors, brand champions are individuals within a company who spread the brand vision and values and cultivate the brand within their organization. This informal role varies from stimulating awareness, to cases where the champion tries to move a project forward despite the existence of entrenched internal resistance. The more employees a company can turn into brand champions, the better it will be equipped to build and maintain strong brand equity. For example, Harley Davidson, Nike, and Google all have well-deserved reputations as companies with strong brand champions.

See [Ambassadors](#)



Brand Fact:

Frank Perdue's chicken slogan, "it takes a strong man to make a tender chicken" was translated into Spanish as "it takes an aroused man to make a chicken affectionate."

Commodity

In economic terms, commodities mean all goods and services. In branding, however, a commodity is a product or service that tends to compete solely on its functional attributes. Brands create tangible and intangible associations which allow for significant differentiation from alternatives and, therefore, greater security, revenue, and profit.

Communication

Communication is transmitting and exchanging information by writing, speaking, electronic means, and the like. It is also the process of establishing a commonly understood meaning of facts, thoughts, and opinions between senders and receivers.

Communications Audit

A review of the portfolio of internal and external communications in terms of their look and feel, tone of voice, and consistency of message, visual or otherwise. This provides an insight into the current strengths and weaknesses in communications and where the opportunities lie for future communications.

Community

A brand community is everyone inside and outside a company who is somehow involved with building a brand, from internal departments, suppliers, and the media, to customers, prospects, and advertising and public relations agencies.

Competitive Advantage

This is the above-average performance of a company, product, or service that results in additional profits. These additional profits are typically reinvested to maintain continuous advantage over competitors.

Competitive Landscape

Almost every brand exists in a competitive environment that is constantly being modified by time and changing consumer preferences. Effective brand management requires brand owners to examine their brands regularly, and to understand that future threats may not come from brands on the radar screen now, but those that will become challengers in the future.

Competitor

Competitors are brands that are vying with each other for success in the same market – brands that are considered viable alternatives by consumers because they can provide satisfaction almost equally well. *Competition-oriented pricing* is when a company decides on a price based more on what a powerful competitor charges than on consumer demand or production costs.

Competitor Analysis

This analysis is usually focused on a company's closest competitors. The goal here is to understand the resources, practices, and results that set a competitor apart. These can then be emulated, countered, or marginalized, based on strategic actions.

Concept Development and Testing

When potential buyers are shown the description of a new product and asked for their reactions, and then, at a later date, shown a prototype of the product and asked for additional feedback. See [Prototype](#)

Conditioning

Various marketing and advertising actions taken by a company to develop and foster a favorable impression of its brand in its markets. Consistent communications are required in order to introduce and educate the consumer concerning the brand and its associated benefits.



Every company has its own language, its own version of its history (its myths), and its own heroes and villains (its legends), both historical and contemporary.”

Michael Hammer

Notes:

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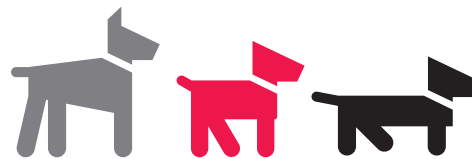
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Consideration Set

This is the array of available brands in a category from which consumers can choose. Consumers form it in a rational and deliberate manner, focusing on the functional aspects of the brands. Once established, the consideration set remains largely stable and follows its own version of the law of diminishing returns where choice is impaired when more brands are added.



Consistency

Consistency has two meanings in branding: first it refers to the implementation of a brand's visual identity and tone of voice across all customer touch points. BMW is perhaps the best example of a brand whose visual identity and tone of voice is implemented consistently around the world – from the correct placement of its logo, to the correct design format of its dealerships. Second, consistency is a qualitative and quantitative measure of a brand's ability to repeatedly deliver the experience it promises to its customers. For example, Coke's product is consistent both over time and internationally, and Apple computers have consistently delivered a user-friendly experience targeted at the creative market.

Conspicuous Consumption

The overt display of a consumer's ability to afford luxury brands is called "conspicuous consumption." The term was developed by American economist Thorstein Veblen and now relates to brands symbolizing a consumer's status in society. Brands as status symbols have recently been extended beyond luxury brands to include icons embraced by brand loyalists, such as Starbucks and Adidas.

Consumer

A consumer is the ultimate user of goods, ideas, or services who acquires for direct use and ownership, rather than for resale or other reasons. The term also refers to the final decision-maker and, in this sense of the word, doesn't differentiate whether a person is a current or potential buyer.

Consumer Choice Model

This is a construct that tries to understand how consumers use and combine information about various products or services so they can choose among them. It identifies a hierarchy of decision-making encompassing benefits, image, price, ease-of-use, and so on.

Consumer-perceived Risks

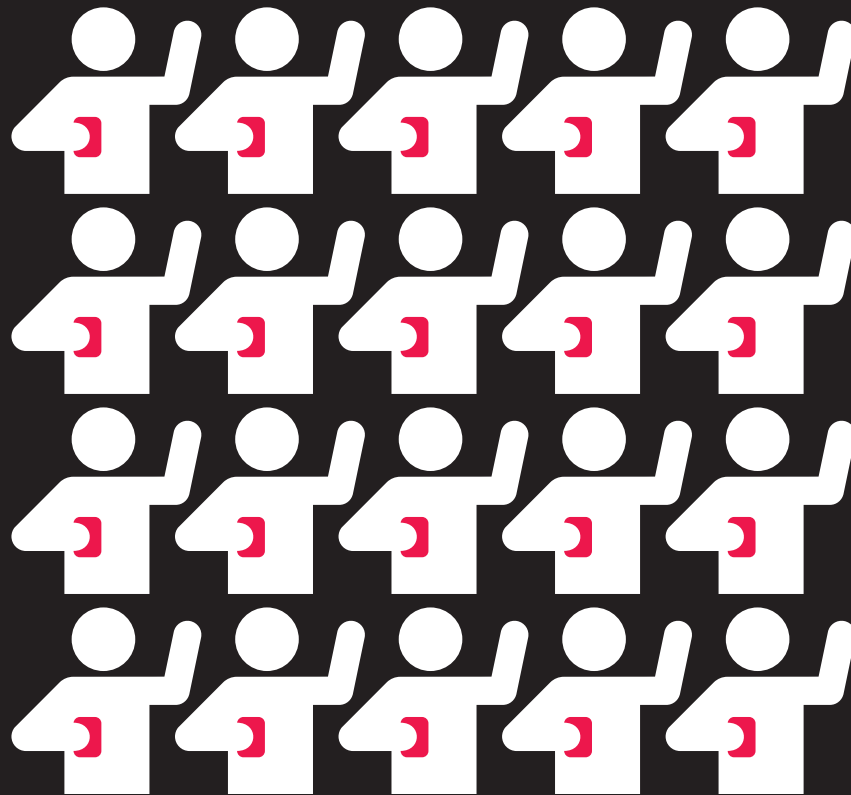
Word-of-mouth information about a product, service, or brand. They tend to relate to performance issues and can affect a consumer's perception of risk prior to deciding whether or not to buy.

Consumer/Product Relationship

This is understanding how a particular brand relates to an individual consumer's goals and values. Understanding this relationship is basic to developing effective market strategies. Loyalty is the ultimate goal of branding and by understanding this relationship, brand owners can more accurately match brand to buyer.

Cult Brands

These are brands that enjoy customer loyalty that has moved beyond simple allegiance and into cult-like devotion. Those who drive their Harley-Davidsons to Starbucks daily may qualify. These devotees tend to live the brand and it forms an integral aspect of their life. These are also known as *tribal brands*.





Brand Fact:

According to Interbrand, the three main tasks for a brand owner are:

1. Embody the brand itself in all words and actions
2. Know the underlying sources of brand value and manage them like any tangible asset
3. Constantly keep the brand relevant and differentiated.

“Marketing is too important to be left to the marketing department.”

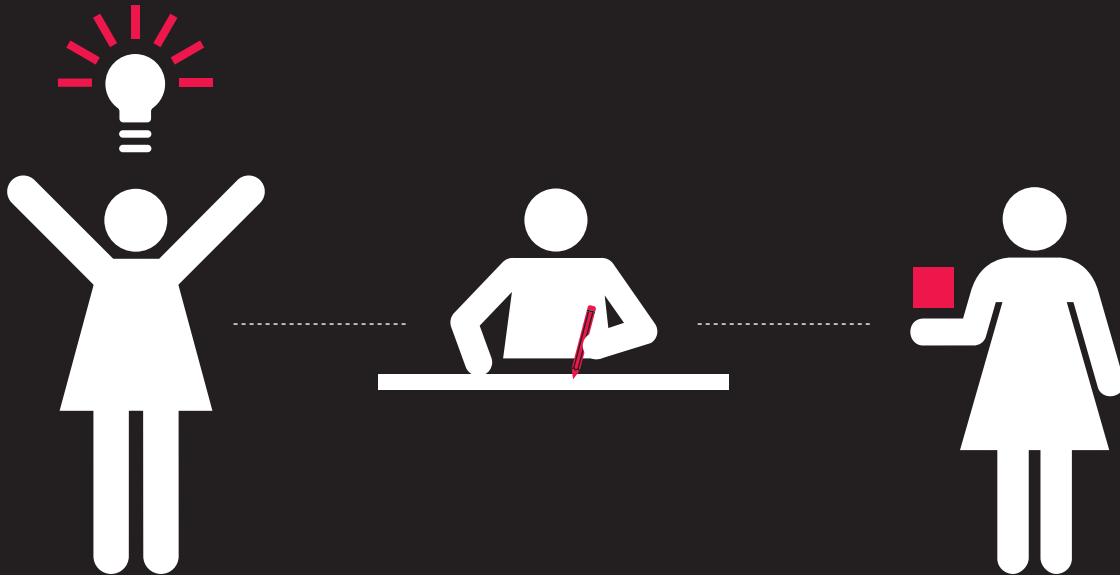
David Packard





Design

As a verb, design refers to the process of creating and executing a plan for a new product, service, or idea. As a noun, it refers to two things: to the final result of the plan (in the form of a model, sketches, blueprints, or other descriptions), or to the finished, produced product itself. Design in all forms is a powerful method and component of brand building – it can differentiate, more effectively communicate, and position a brand in its competitive environment.



“Anyone can look for fashion in a boutique or history in a museum. The creative person looks for history in a hardware store and fashion in an airport.”

Robert Wieder





Brand Fact:

In the 2005 Best Global Brands ranking, the top 10 brands were worth a combined US\$390 billion.

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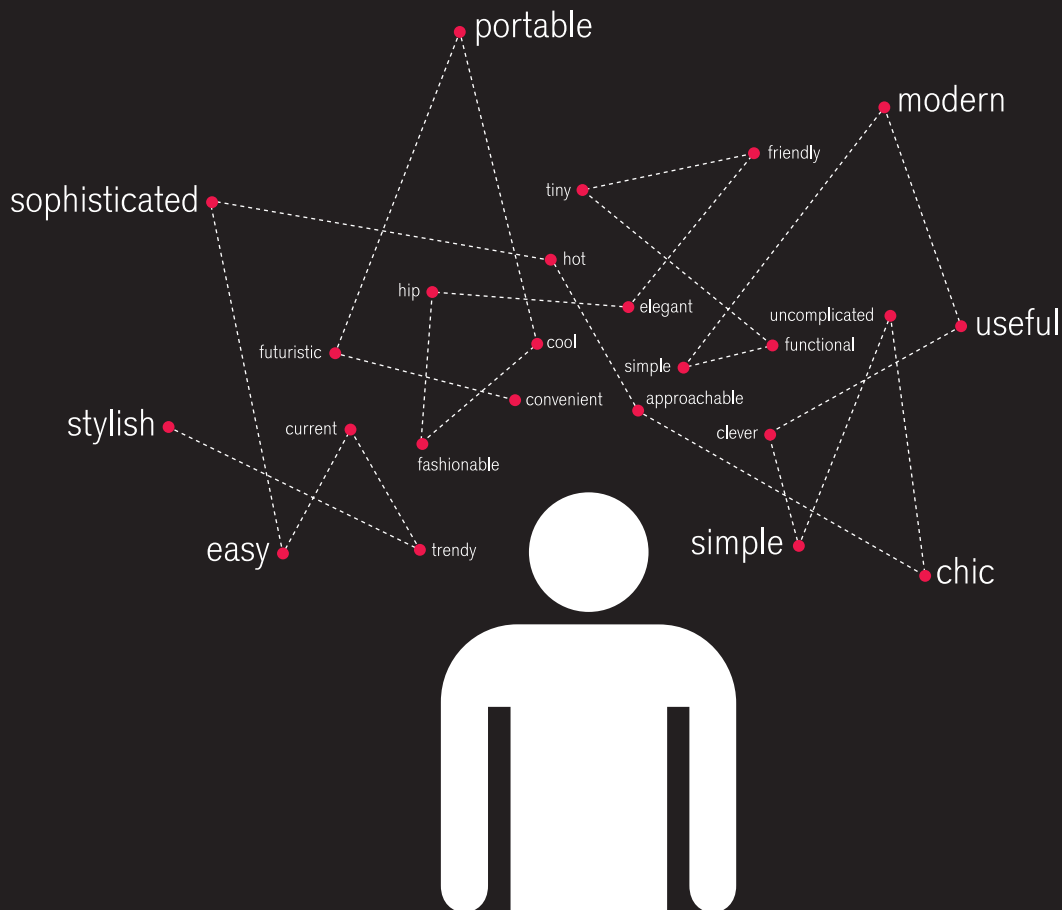


Brand Fact:

There are over 886,000 members of the company-sponsored Harley-Davidson Owners Group. They organize rides, training courses, social and charity events.

Experiential Mapping

An exercise of modeling projected customer interactions that sum their overall experience when dealing with a brand. It details all possible touch points, frequencies, and situations to ensure that the brand will not disappoint. This is a sophisticated process that manages risk and reward while identifying new areas for the brand to outperform competitive offers.



**“Word of mouth is the best
medium of all.”**

Bill Bernbach







Brand Fact:

Multi-channel customers spend 20 to 30 percent more money, on average, than single-channel ones do, according to McKinsey & Company.



Brand Fact:

12 percent of companies spend 75 percent or more of their budgets on customer retention, according to Tivoli Partners and Interactive Marketing & Research.



Global Branding

A global brand is one that is available in many nations and, though it may differ from country to country, the local versions have common values and a similar graphic identity. These are branding initiatives that are consistent, yet are tailored to local languages, customs, business practices, and buying behaviors.



“Well-managed brands live on –
only bad brand managers die.”

George Bull







Brand Fact:

66 percent of executives say true ROI analytics are marketing's greatest need, according to Booz Allen Hamilton.

“Brand equity is the sum of all the hearts and minds of every single person that comes into contact with your company.”

Christopher Betzler







Brand Fact:

IDC CMO Advisory researched the Top 5 Marketing Measurement Mandates from the CEO:

- Consistent metrics for ROI of marketing
- Measurement of brand awareness and reputation
- Consistent lead-generation metrics
- Improved tracking and measurement of marketing spending
- Programs that lead to increased revenue.

Impulse Buy

This is a spontaneous purchase made without prior deliberation or investigation into the benefits of the product or service. It is often associated with goods made available at checkout counters.

Inform–Engage–Align

See page 63

Innovation

Any new approach to designing, producing, or marketing can be called an innovation. Innovations usually provide the innovator with an advantage over the competition because they can supply new products based on established demand, or open up new markets. Inherently, innovations are highly differentiated, allowing them to be successfully branded.

Innovation-based Culture

In a marketing sense, innovation means introducing new products, ideas, or services into the marketplace; new products that are different, or that consumers perceive to be different. These new products can either be the next step in an existing product's evolution, or a new product entirely. Innovation is an essential component of a company's long-term growth, and an innovation-based culture is one in which everyone understands this to be true and works toward it as a goal. Communication innovation is critical to branding to ensure the ongoing relevance of the brand to desired audiences.

Intangible Assets

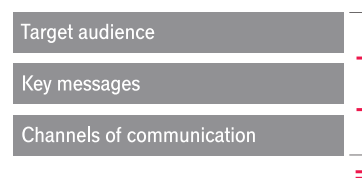
Intangible assets like goodwill, trademarks, patents, management expertise, brands, copyrights, formulas, and so on, have no physical substance, nevertheless, they are perceived as crucial in creating value. Increasingly the majority of business value is derived from

intangibles, and brands are one of the most important of them because of their far-reaching economic impact. Brands have a powerful influence on customers, employees, and investors, and in a world of abundant choices, such influence is crucial for commercial success and creation of shareholder value.

Until recently, intangible assets weren't recognized on the balance sheet, as most of them were generated internally and therefore lacked a perceived objective market valuation. The rise in the value recognition of intangibles came with the continuous increase in value gap between companies' book values and their stock-market valuations, as well as sharp increases in acquisition premia in the late 1980's. This led to the recognition of the value of intangible assets in business combinations. Today, most accounting standards require the recognition of acquired intangible assets on the balance sheet.

Integrated Brand Communication

This is ensuring the efficiency and effectiveness of a brand and marketing mix to convey a specific message to a desired audience. It is both a process and a plan that considers the needs of the target audience, the key messages to be imparted, and the most appropriate channels to communicate them. The channels can include sales, promotion, public relations, advertising, and so on.

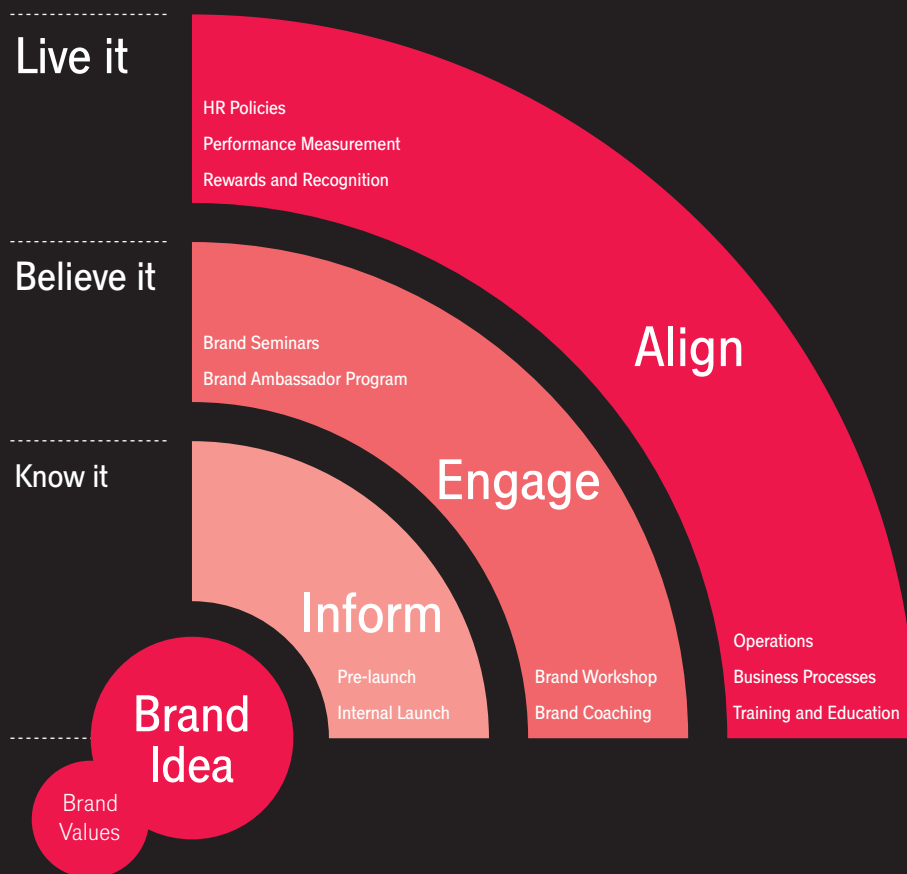


Integrated brand communications

Inform–Engage–Align

An approach employed by Interbrand to achieve internal brand alignment. It consists of three primary phases:

- Inform – where employees receive communication regarding the brand that gives them a first-level understanding
- Engage – where understanding gives way to action and demonstration so employees believe in the brand
- Align – where the brand values and objectives are entrenched in business process and human resource practices to encourage the employees to live the brand.





Brand Fact:

Omnicom Group is the largest marketing organization in the world, according to *Advertising Age*, with revenue of US\$10.4 billion in 2005.





“The purpose of pricing is not to recover cost but to capture the value of the product in the mind of the customer.”

Daniel Nimer





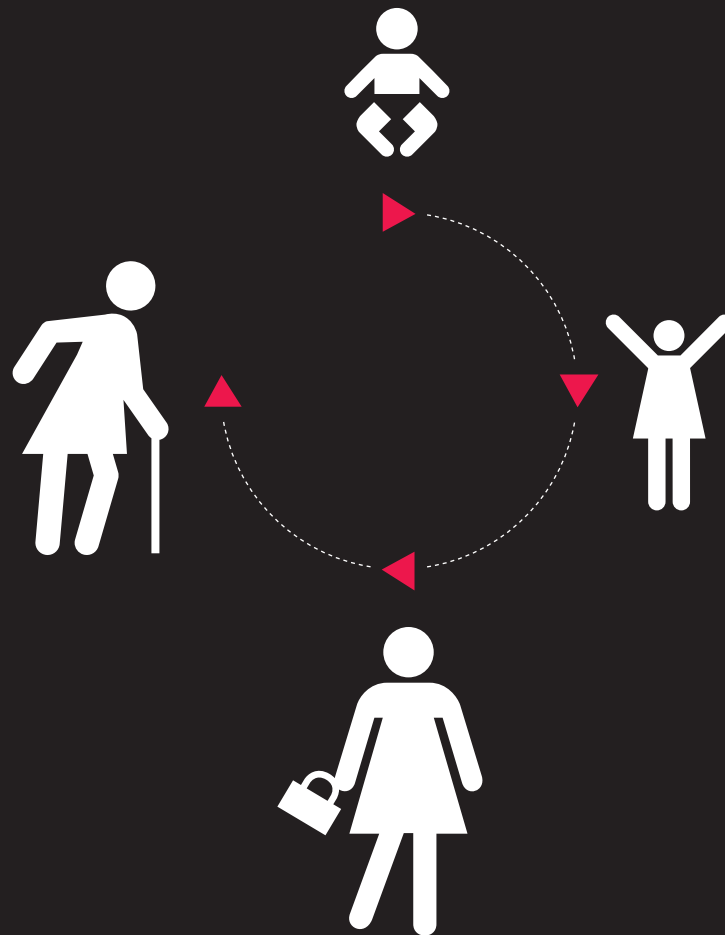
Brand Fact:

The Newspaper Association of America says the average American is exposed to between 1,500 and 3,000 brand messages every day.



Lifetime Customer Value

This is an equation and approach that calculates a customer's value over that customer's buying lifetime. The goal is to identify the most profitable customers and organize them into specific segments. Then, incentives can be offered to ensure loyalty. It is a calculation about the value of customers to a brand or company over their entire life cycle. This removes the emphasis on individual transactions, and allows companies to focus on very narrow target markets. To calculate lifetime value, the following have to be taken into consideration: how much it costs to acquire the customers; how much it costs to retain them; their average lifetime; and the average value they will provide during that period.



“Quality is remembered long
after the price is forgotten.”

Gucci family slogan





Brand Fact:

Owners of digital video recorders fast-forward through 92 percent of commercials, according to Yankelevich Marketing and Forrester Research.



Market Defense

What a company does to repel the advances of an existing or potential competitor is called “market defense,” and there are various available strategies:

1. Building barriers to market entry
2. Increasing entry costs
3. Reducing the market’s attractiveness by lowering prices.

If none of these strategies is successful, then market defense gets refocused on minimizing damage.



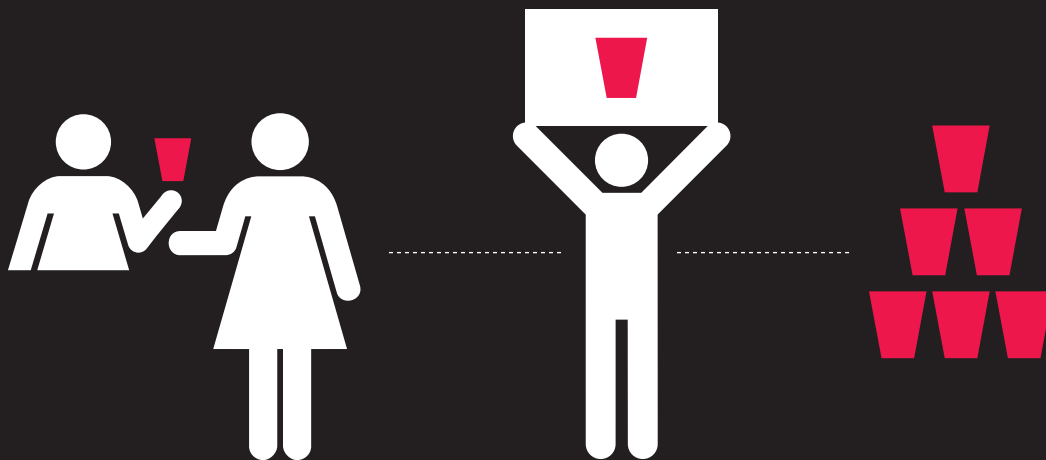
Build barriers to market entry

Increase entry costs

Reduce market's attractiveness

Merchandising

Merchandising is a term that has many, generally aligned, meanings. It is the purchase, distribution, and resale of goods at the retail level; it is presenting a product to the right market at the right time using advertising and promotion; it is the attractive and visible presentation of goods within stores; it is also a marketing practice in which the brand or image from one product or service is used to sell another (like NASCAR clothing).

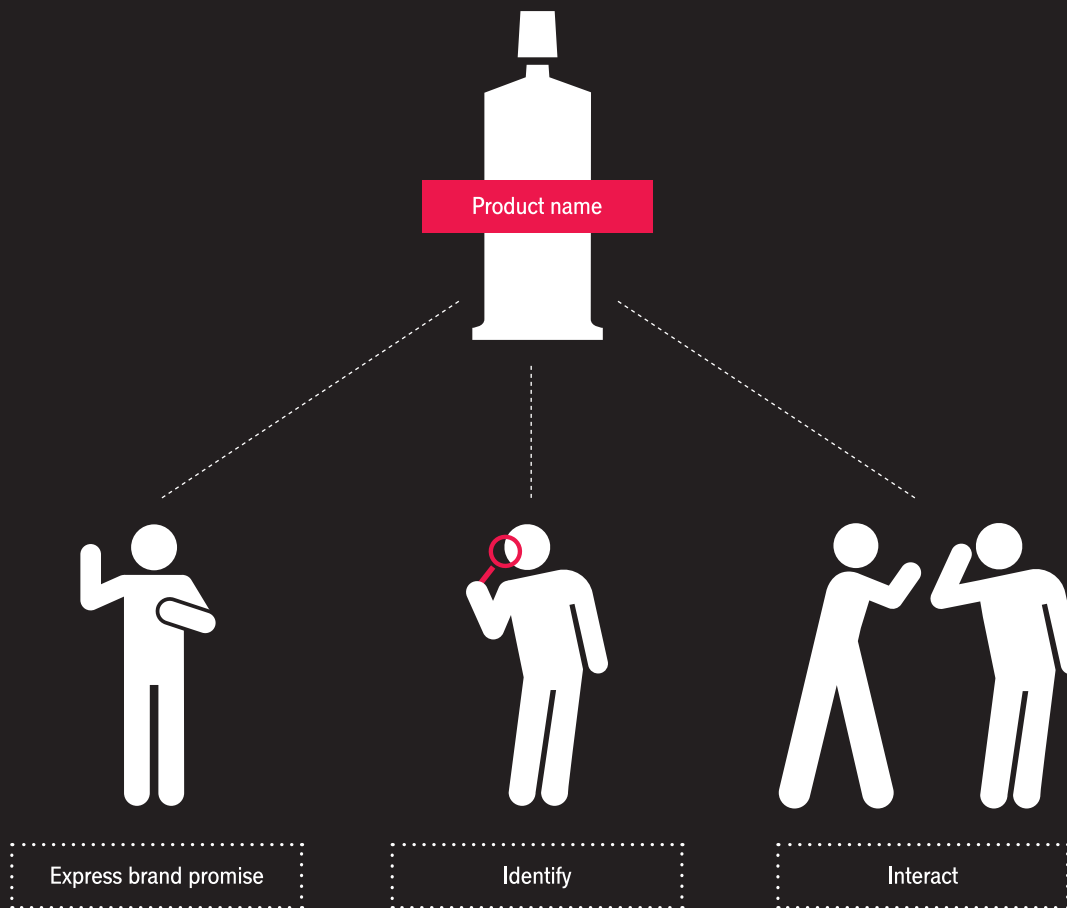






Naming

This is the practice of developing brand names for corporations, products, and services. Most often, the objective of naming is to develop ownable trademarks and trade names that express a brand's promise and provide an easy way for consumers to identify and interact with it. Brand names are valuable economic assets and should be carefully created and protected by their owners.





Brand Fact:

Centrally managed brands, with consistent execution globally, are the preferred means of brand management by 60 percent of executives. Yet 67 percent agree or strongly agree that local customization of a brand has a positive impact on sales, according to the Economist Intelligence Unit.

**“You can’t build a reputation
on what you’re going to do.”**

Henry Ford



Pp

Personality

Personality is attributing human characteristics (particularly emotional or attitudinal) to a brand. For example, Coke is fun, McDonald's is happy, Volvos are safe, and so on. Investing brands with personality is achieved through advertising, promotion, packaging, and/or corporate graphics, but also increasingly through the qualities of the people who work for the brand. Furthermore, personality should be created to reflect or complement the brand's target customers, and understanding their characteristics aids this. Personality is a critical component of brand building because product parity exists in most markets, so differentiation and choice may largely be the result of what a customer "likes" emotionally.



=

Fun



=

Happy



=

Safe

Q



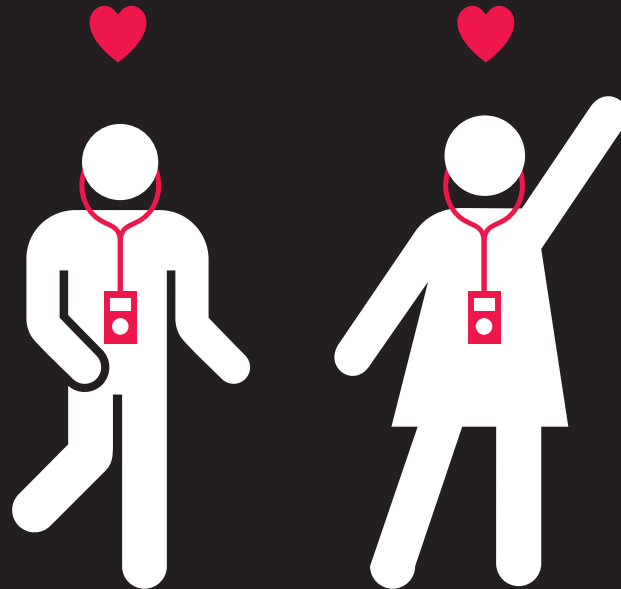
“The essence of a strategy is not the structure of a company’s products and markets, but the dynamics of its behavior.”

George Stalk



Relevance

Relevance is the appropriateness or “fit” of a brand with the functional and emotional needs of its target market. Ultimately, customers determine relevance; that is, a brand is only relevant if customers perceive it to be. The history of business is strewn with brands their owners thought would be relevant but consumers decided weren't, like the Edsel.





Brand Fact:

The Economist Intelligence Unit found that 81 percent of senior executives believe their corporate brand is critical, very important, or important as an asset of the business.

79 percent said their products' brands were critical, very important, or important.

“All the great things are simple,
and many can be expressed in
a single word: Freedom. Justice.
Honor. Duty. Mercy. Hope.”

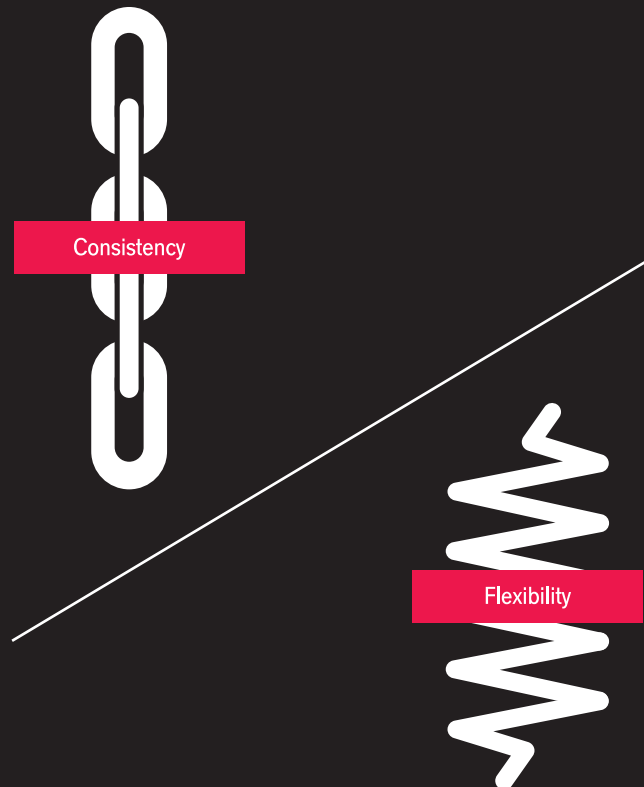
Winston Churchill





70/30 Rule

Applied more for context than numerical accuracy, 70/30 concerns the relative weighting given to the elements that must remain absolutely consistent in managing a brand versus the flexibility granted to its managers. Consistency is a key principle of branding, but a brand must be allowed to adjust appropriately to local markets; capitalize on new strategic directions; and evolve to keep a competitive edge. So, 70 percent consistency and 30 percent flexibility.



“I see the proper response
to change and challenge as
increased creativity.”

Gene DeWitt





Tagline/Slogan

This is a short, distinctive, and easily recognizable phrase that accompanies a brand, conveys its promise and, in a few memorable words, captures the theme of the ad or commercial in which it appears. Taglines aid recall, like Avis's "We try harder."





Brand Fact:

The Association of National Advertisers and Booz Allen Hamilton found that 66 percent of senior marketers believe their greatest need is to develop capabilities in consumer insights and return on investment (ROI) analytics.







Brand Fact:

The IDC CMO Advisory study found that the top three marketing measurement mandates from the CEO are:

1. Consistent metrics for ROI of marketing
2. Measurement of brand awareness and reputation
3. Consistent lead-generation metrics.





Brand Fact:

Spencer Stuart's annual study shows that the average tenure of a chief marketing officer is a sobering 23.2 months, down from 23.6 months in 2004, and 23.5 months in 2005.



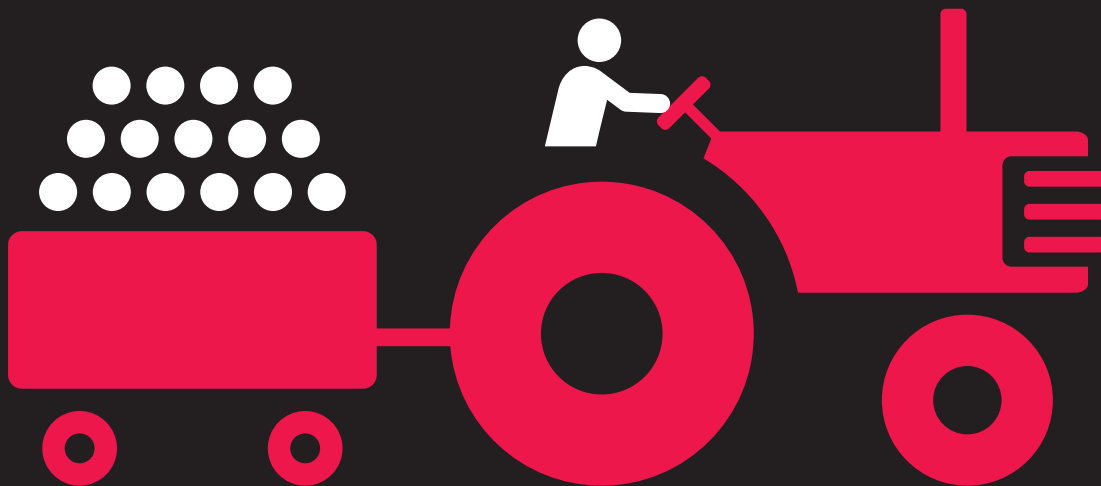
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y



(Brand) Yield

This is a proprietary process, derived from Interbrand's Brand Valuation and Brand Equity Insights methodologies, which allows the modeling of an optimal portfolio of branding activities within a given budget, industry, and competitive environment.



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“Good tactics can save even the worst strategy. Bad tactics will destroy even the best strategy.”

General George S. Patton, Jr.



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Brand Fact:

SelfServiceWorld magazine found that 55 percent of US online consumers have researched a product online and then purchased that same product offline. This equates to more than 40 million consumers – an 8 percent increase over 2004.



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First published 2007 by
PALGRAVE MACMILLAN
Houndmills, Basingstoke, Hampshire
RG21 6XS and
175 Fifth Avenue, New York, N.Y.
10010

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ISBN-13: 978-1-4039-9809-5
ISBN 10: 1-4039-9809-4

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources.

A catalogue record for this book is available from the British Library.

A catalog record for this book is available from the Library of Congress.

10 9 8 7 6 5 4 3 2 1
16 15 14 13 12 11 10 09 08 07

Printed and bound in Great Britain by
Hobbs the Printers Ltd, Totton, Hants