

STRATEGIC BRAND MANAGEMENT

Course Times/Places

Class Meetings: Mondays and Tuesdays 8:30 – 10:00 & 10:15 – 11:45
Borelli classroom

Office Hours: By appointment
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Required Text

Kevin Lane Keller, *Strategic Brand Management*, 4th edition, Prentice-Hall, 2013.

Course Objectives

Some of a firm's most valuable assets are the brands that it has invested in and developed over time. Although manufacturing processes can often be duplicated, strongly held beliefs and attitudes established in consumers' minds cannot. This mini-elective provides students with insights into how profitable brand strategies can be created. It addresses three important questions. What is brand equity? How do you build brand equity? How do you capitalize on brand equity to expand your business? Its basic objectives are to (1) provide an understanding of the important issues in planning and evaluating brand strategies, and (2) provide the appropriate concepts and techniques to improve the long-term profitability of brand strategies. The course consists of lectures, exercises, and case discussions. The course content has relevance to students pursuing a variety of different career goals in virtually any type of organization (public or private, large or small, etc.).

Course Organization and Administration

Strategic Brand Management is a marketing mini-elective that is designed to improve student's marketing skills and understanding of specific branding topics, as well as "big picture" issues of how various aspects of marketing "fit together," all from a brand equity perspective. Accordingly, Strategic Brand Management is organized around key product and brand management decisions. The course involves weekly sessions on Monday and Tuesdays. The weekly sessions examine specific marketing topics from the perspective of building and managing brand equity. These sessions combine lecture and case discussion. Background reading will include material from the 4th edition of the instructors' text, *Strategic Brand Management*.

Course Requirements and Evaluations

1. Adequate preparation for, regular attendance of, and full participation and involvement in the 9 regular class sessions. You will be asked to complete a Key Learnings worksheet at the end of every session.
2. Exercises (attached at the end of the course syllabus)
3. Take-home final exam

More detail on these requirements is provided below. Final grades are based on the designations and standards published in the MBA student handbook and the distributional grading norms of the business school. Grades are assigned according to how well I feel you have satisfied the course requirements. Final grades are based on my perceptions of your performance for the three requirements, roughly according to the following weights:

1. Class participation and involvement (10%)
2. Exercises (40%)
3. Final exam (50%)

Exercises

There are four individual short exercises, described later in the syllabus **which should be turned in at the end of the class session** for which they are assigned.

Cases

The five cases to be discussed (Nike, American Express, Red Bull, Starbucks, and Harpoon) with discussion questions are available in your course pack.

Final Exam

The final exam is a take-home exam. The take-home final will be available in the course folder at noon on the day of our second-to-last class session on Tuesday, January 28th. Completed finals need to be turned into Kate Hudson by noon on the day of our last class session on Monday, February 3rd.

Laptop Policy

To provide a first-class learning environment, and out of respect for fellow students, visitors, and faculty, Tuck honors the following policy regarding the in-class use of laptop computers, cellular telephones, and all other electronic communication devices (e.g., iPhones and Blackberries) which will apply in this course.

- * Students shall not use laptop computers, cellular telephones, or any other electronic communication device in any class session unless explicit permission to do so is granted by that class's faculty member(s).
- * "Class session" refers to any meeting of a for-credit Tuck course. More broadly, "class session" also refers to guest-speaker presentations for the Tuck community and to recruiter presentations.

- * In each Tuck course, it is ultimately each student's responsibility to be aware of and in compliance with that course's laptop policy. Students are always encouraged to talk with faculty regarding any policy questions they may have.

Required Readings

The reading consists of chapters from the fourth edition of my textbook. This textbook is used all over the world and has been translated in over 12 languages. Given the length of the textbook and the short duration of the course, some of the assigned chapters can be skimmed as need be. Depending on student background and interests, however, certain sections of the text should be read more carefully. Five chapters that are likely to be of greater interest and importance – **chapters 1, 2, 3, 11, and 12** – are highlighted in italics below. These 5 chapters provide a good foundation to key branding topics and should be read by all.

The cases that I will be using come from a *Best Practice Cases in Branding (BPCB)* casebook I have put together and are different from standard HBS cases. The cases spotlight some of the world's most successful brands and companies over the last decade or so. The cases provide detailed descriptions of how the brand has performed in different markets. In each case, the marketers behind these brands and companies have all made noteworthy contributions to our understanding of the strategic brand management process and how to best build and manage brand equity. The cases highlight these achievements.

As good as the marketers have been with their brands, however, marketing is never perfect. As these marketers themselves would probably readily admit, sometimes mistakes have been made and opportunities have been overlooked. If given another chance, they might have done some things differently. So in reading these cases, it is important to do so with a critical eye to properly discern the key lessons in strategic brand management. What did these brands do well? What was their formula for success? What could they have improved on? What might you have done differently? Finally, in looking forward, what kinds of things should be done so that the brand flourishes? What are the key next steps?

Supplementary Readings

A number of sources of additional information are available to further supplement the course readings which, depending on your career interests and goals, you may want to read at some point. Many of these readings are referenced in my text.

Most students find the articles in the academic journals themselves fairly dry and abstract but the *Journal of Marketing* has more of an applied focus that makes it a little easier to digest. The *Journal of Brand Management* offers more of a European as well as more of an applied perspective that some may find useful. The *Harvard Business Review* and *MIT Sloan Management Review* have included many branding-related articles in recent years. An excellent online site for lots of different articles is www.brandchannel.com.

In terms of current industry information, generally all of the main business publications (e.g., *Business Week*, *Fortune*, *Forbes*, and *The Economist*) as well as newer business publications (e.g., *Fast Company*) have marketing articles frequently dealing with branding issues. The *Wall Street Journal* also often addresses branding issues. Two extremely useful industry trade publications are *Advertising Age* and *ADWEEK*. Both are excellent sources of current information about advertising, branding, and marketing in general for that matter.

Summary of Class Schedule and Assignments

The next page provides a summary of the topics and required readings for each of the 9 sessions. The outline of class sessions that follows describes the topics discussed in each class session and the requirements that each student should meet in preparing for that class.

Summary of Class Schedule

1	Mon	1/5	Course Introduction
2	Tue	1/6	Nike Case
3	Mon	1/12	Brand Planning
4	Tue	1/13	American Express Case
5	Tue	1/20	Brand Building
6	Wed	1/21	Red Bull Case
7	Mon	1/26	Brand Architecture
8	Tue	1/27	Starbucks Case
9	Mon	2/2	Harpoon Case

1. **Course Introduction**
(Monday, January 5th)

Background

The objective of the first session is to provide the "big picture" for the course in terms of what strategic brand management is all about. The goal is for you to get a sense for what decisions must be made in brand management. ***Before today's session, please read the entire course syllabus carefully.*** The first chapter reading provides a useful overview of the scope involved in the course and the topics that will be covered. There is also a short written exercise to be turned in at the end of class on personal brand preferences (see worksheet at the end of the syllabus).

Reading:

- Course Syllabus
- SBM (Read)
 - *Chapter 1 (Introduction)*

Topics:

- Course Structure and Content
- History of Branding
- Why do Brands Matter?
- Overview of Brand Equity
- Examples of Strong Brands

Written Individual Assignment I:

- 1) Complete the "Personal Brand Preferences" exercise

2. Nike Case

(Tuesday, January 6th)

Reading:

- Nike: Building a Global Brand

Assignment:

Nike, which began as a two-person enterprise in Oregon, leveraged its technological prowess and marketing savvy to become the largest footwear and apparel company in the world. Along the way, it took on and surpassed Adidas, the incumbent leader, and withstood challenges from upstart Reebok in the 1980s. The company successfully expanded to Europe in the 1990s and Asia in the 2000s by launching products, which were locally relevant, and tailoring its local marketing to run effectively with broadly appealing global campaigns. Over the years, Nike has faced several challenges and opportunities, including discovering the keys to success in emerging markets such as Asia, India, and South America. In addition, Nike needed to reach beyond its core young male consumer and focus more on women, a growing and powerful consumer group. Nike has worked on connecting emotionally with consumers whose attitudes, opinions, and tastes were dynamic. Endorsing top athletes has proved to be extremely successful for Nike, although some of Nike's athletes have not been without controversy. Product innovation, advances in technology, strategic marketing, and connecting with consumers on a personal level have also been keys to maintaining Nike's success in the global footwear and apparel market, especially as new and strong competitors emerged. Class discussion will revolve around the following sets of questions that should be considered before class:

- 1) How has Nike's brand image and sources of brand equity evolved over its 50-year history? What has changed and what has remained the same?
- 2) What has Nike done well in building their global brand? Where has Nike failed?
- 3) Explain the importance of sponsorships and endorsements to Nike's business and expanding the brand globally?
- 4) Evaluate the Nike consumer experience. How does Nike connect with its consumers emotionally? What are the important aspects of the Nike experience? Where can Nike improve?

3. **Brand Planning**
(Monday, January 12th)

Background:

The objective of today's session is to consider in depth how to develop brand plans by crafting the optimal brand positioning and devising marketing programs and activities.

Readings:

- SBM (Read)
 - *Chapter 2 (Brand Equity)*
 - *Chapter 3 (Brand Knowledge)*

Topics:

- Creating Mental Maps
- Customer-Based Brand Equity Model
- Brand Resonance
- Brand Building Blocks
- Brand Positioning Criteria

Written Individual Assignment II:

Complete the "Evaluating Brand Positioning" Exercise

4. American Express Case (Tuesday, January 13th)

Readings:

- American Express: Managing a Financial Services Brand

Assignment:

American Express is a well-known and respected global brand, known worldwide for its charge cards, traveler's services, and financial services. It grew from a nineteenth-century express shipping company into a travel services expert by the mid-1900s and became associated with brand images such as prestige, security, service, international acceptability, and leisure. American Express reinforced those associations through its advertising campaigns, which began in earnest in the 1960s. As the company grew, it expanded into a variety of financial categories, including brokerage services, banking, and insurance, and by the late 1980s, American Express was the largest diversified financial services firm in the world. The company, however, encountered difficulty integrating these broad financial offerings and divested many of its financial holdings in the early 1990s to focus on its core competencies - travel and cards. In response to increased pressure from the competition, primarily Visa and MasterCard, American Express also significantly increased the number of merchants that accepted American Express cards and developed new card offerings, including co-branded cards and a genuine credit card that allowed customers to carry over the monthly balance. Over the past ten years, American Express has tested the waters with new cards and various marketing strategies in order to target new consumers, increase cardholder membership, and achieve growth. While cardholder membership and profit soared in the mid 2000s, the company felt the consequences of its rapid growth during the recession. It was up to American Express' CEO, Ken Chenault, to help return the company back to one that was primarily focused on affluent consumer and small businesses while finding new ways to grow the brand. Class discussion will revolve around the following sets of questions that should be considered before class:

- 1) How does the role of branding differ for consumer services vs. consumer products?
- 2) Evaluate American Express' brand equity. How well is it positioned in terms of its competition? How has it changed over time?
- 3) Discuss the company's decision to grow beyond its core affluent consumer base. What did this do for the company and the brand?
- 4) Evaluate American Express' brand architecture. How can the company maximize its equity across all of its products and business units?

5. **Brand Building**
(Tuesday, January 20th)

Background:

In this session, we will explore the three main ways you can build brand equity. Chapters 4 and 7 are more likely to deal with newer material for you; Chapters 5 and 6 may be more of a review depending on your prior course work or familiarity with different marketing tactics. There is also a second short written exercise to be turned in at the end of class on brand positioning (see assignment at end of the syllabus: be sure to put your name on your write-up).

Readings:

- SBM (skim)
 - Chapter 4 (Choosing Brand Elements to Build Brand Equity)
 - Chapter 5 (Designing Marketing Programs to Build Brand Equity)
 - Chapter 6 (Integrating Marketing Communications to Build Brand Equity)
 - Chapter 7 (Leveraging Secondary Brand Associations to Build Brand Equity)

Topics:

- Brand Element Guidelines and Examples
- Personalizing Marketing
- Value Pricing
- Blending "Push" and "Pull" Strategies
- Integrated Marketing Communications
- Leveraging Secondary Associations

Written Individual Assignment III:

- 1) Complete the "Evaluating Brand Drivers" Exercise

6. **Red Bull Case**
(Wednesday, January 21st)

Reading:

- Red Bull: Building a Brand in Non-Traditional Ways

Assignment:

Red Bull's success is quite remarkable considering the product was available in only one stock-keeping unit (SKU) - the now-famous silver 250 ml (8.3 oz.) can - for two decades and received little traditional advertising support. Red Bull relied on word of mouth to help grow the company and worked hard to create excitement and mystery around the brand. Sampling, event sponsorships, and athletic endorsements all proved to be critical as the company expanded throughout Europe and the rest of the world. Red Bull's above-the-line marketing activities were limited to television commercials that adhered to the same format: using animated shorts to reinforce the "Red Bull gives you wings" message. By 1997, a decade after it was launched in Austria, Red Bull was available in 25 markets globally, including Western and Eastern Europe, New Zealand, and South Africa. During that same period, Red Bull sales volume grew from 1.1 million units to over 200 million units. Red Bull continued to expand at a phenomenal rate, surpassing one billion cans in 2005 and four billion cans in 2011. For all this growth, Red Bull still remained a relatively small and very private company with approximately 8,000 employees worldwide. Over the years, several major beverage companies, including Coca-Cola, Anheuser-Busch, and PepsiCo, have introduced similar energy drinks. Despite the additional competition, Red Bull has maintained its energy drink market share lead in every mature market. Its meteoric rise and continued dominance of its category made Red Bull one of the most successful new beverages in history. Class discussion will revolve around the following sets of questions that should be considered before class:

- 1) How does Red Bull position its brand and what are its sources of brand equity? Do these sources change depending on the market or country?
- 2) Analyze Red Bull's marketing strategy in terms of how it contributes to the brand's equity. Discuss its strengths and weaknesses.
- 3) Assess the pros and cons of the Red Bull's recent brand extensions: Red Bull Cola, Red Bull Energy Shot, and fruit flavored Red Bull. What's next for the company in terms of brand extensions? Explain.
- 4) How effective is Red Bull at communicating to various consumer groups? Are they well positioned for the long run? How can Red Bull maintain its marketing momentum?

7. **Brand Architecture**
(Monday, January 26th)

Background:

The objective of today's session is to consider brand architecture. We will consider issues concerning the appropriate product and brand strategy to effectively leverage brand equity and introduce new products. Which product or service categories should be considered and what names and other brand elements should be applied?

Readings:

- SBM (Read)
 - *Chapter 11 (Corporate Branding Strategies)*
 - *Chapter 12 (Introducing and Naming New Products and Brand Extensions)*

Topics:

- Corporate Branding Strategy
- Brand Hierarchy
- Brand Portfolios
- Line Extensions
- Category Extensions

Written Individual Assignment IV:

- 1) Complete the "Evaluating Brand Architecture" Exercise

8. Starbucks Case

(Tuesday, January 27th)

Reading:

- Starbucks: Managing a High-Growth Brand

Assignment:

In less than a decade, Starbucks was transformed from a fledgling whole-bean coffee retail chain into a globally recognized brand. From its IPO in 1992, Starbucks has grown to more than 18,000 outlets in 61 countries, including locations throughout North America, Latin America, Europe, the Middle East, Asia, and India. During its high growth period, new Starbucks coffee houses opened at the rapid pace of three store openings a day on average. Moreover, joint ventures with some of the nation's strongest corporations, including Pepsi, Kraft, Dryer's, and Capitol Records, allowed Starbucks to launch a lucrative consumer products division to complement its café business. Licensing partnerships with companies such as United Airlines, IIT Sheraton, and Host Marriott further added to the growth of the Starbucks brand. As a result, Starbucks rose to become one of the most impressive high-growth brands of the 1990s and early twenty-first century. Despite this remarkable and rapid growth, things temporarily crumbled for the coffee giant during the worldwide recession. Many analysts criticized the way Starbucks had over-extended the brand and lost focus on the company's core values and business objectives. In addition, the weak economy, a crash in the real estate market, and increased competition highlighted the company's strategic faults and weaknesses. During the challenging time, Starbucks' founder and original CEO, Howard Schultz, returned to the helm of the company in hopes of refocusing the company and turning things around for the global coffee brand. Class discussion will revolve around the following sets of questions that should be considered before class:

- 1) How did Starbucks create such a successful brand? Evaluate their marketing and branding strategy over the years.
- 2) Evaluate Starbucks' growth strategy through the years. How has it changed in some aspects and remained the same in other aspects?
- 3) Analyze the problems that Starbucks encountered in the mid-2000s. What went wrong and why? What has Starbucks done in recent years to get back on track?
- 4) What's next for Starbucks? What would you do if you were Schultz?

9. **Harpoon Case**
(Monday, February 2nd)

Readings:

- Harpoon: Crafting a Niche Brand

Assignment:

Harpoon Brewery was founded in 1986, as one of the first craft breweries in the United States. Started in Boston, its first product, *Harpoon Ale*, was released in 1987. By 2011, it was the 8th largest craft brewer by volume, according to the Brewer's Association. As the company grew, it captured the hearts and minds of beer drinkers around Boston and New England. Harpoon relied heavily on event-driven marketing, such as hosting a yearly Oktoberfest-inspired celebration at the Boston brewery or hosting charity running races to raise money for various causes. They won customers one at a time. In 1998, Harpoon launched its UFO line, a hefeweizen (or unfiltered wheat beer) under its own brand. It expanded brewing capacity beyond its original Boston location in 2000 when it acquired a brewery in Windsor, VT that belonged to the failing Catamount Brewing Company. The company's flagship product Harpoon IPA (India Pale Ale) is one of the top selling IPAs in the North East. Despite this success, today Harpoon Brewery faces a number of challenges and opportunities. Chief among them are how to position the brand in the rapidly evolving craft beer segment, how to grow 'without losing its soul', and finally how to maintain and leverage its focus on community that has been so core to the Harpoon brand from the start.

- 1) How does Harpoon position its brand? What are its sources of brand equity? How well-positioned is Harpoon for the long-run?
- 2) Analyze Harpoon's marketing activities and programs in terms of how they contribute to the brand's equity. Discuss their strengths and weaknesses. How well does Harpoon leverage its brand elements?
- 3) How should Harpoon think about its brand architecture as it applies to their product portfolio and marketing efforts?
- 4) How can Harpoon maintain its marketing momentum? Propose strategies to maintain Harpoon's brand equity with the dual headwinds of increasing competition within the hyper-local craft segment and the move into craft by large multinationals.

**STRATEGIC BRAND MANAGEMENT:
Personal Brand Preferences
Written Individual Assignment I**

- 1) Name: _____ Section _____
- 2) Marketing experience:
- 3) Career goals:
- 4) What are 5 of your favorite brands? Why? Pick one of these brands as your *chosen brand* to use for the three additional exercises by circling the corresponding letter.
 - a.
 - b.
 - c.
 - d.
 - e.
- 5) What do your favorite brands tell you about what makes a successful brand?

STRATEGIC BRAND MANAGEMENT
Evaluating Brand Architecture
Written Individual Assignment IV

Name: _____

Section: _____

For this exercise, consider your chosen brand from the first exercise. Answer the following two questions concerning its brand architecture.

Chosen brand: _____

1. How would you characterize its brand architecture? What are its brand portfolio and brand extension strategy?

2. How might you improve that brand architecture?