

Basics of Branding

by Sophia



WHAT'S COVERED

What is it that sets a brand apart, and why would this be important? How do you develop a brand so that it's recognizable? This tutorial will cover the basics of branding. Our discussion breaks down as follows:

1. Branding

Branding is defined as creating an individual name and perception for your product, company, or idea through marketing measures.

Branding can be associated with **trademark**, which includes elements such as name, colors, logos, symbols, tagline, and packaging. Trademark provides exclusive legal use of branding and all of its related elements. This means that no one else can use your particular color scheme or logo.

➔ **EXAMPLE** You can't have two products called Coca Cola because once trademarked, it gives Coke the exclusive rights to use that particular name. Mercedes Benz is another example; no one else can use this particular symbol on a car, because it's a trademark and it provides Mercedes Benz with exclusive legal use of that particular symbol.



TERMS TO KNOW

Branding

Creating an individual name and perception for a product, company or idea through marketing measures.

Trademark

2. Product Differentiation

Product differentiation is defined as creating a perceived difference between a good or service in the mind of the cluster of customers that are the focus of the business or the organization. The last part of that definition describes something you may recall from an earlier lesson, called the target market.

Product differentiation is important because it is used to create brand loyalty with a particular brand or product. When customers are loyal to a brand, they will return to that brand for repeated sales. Customers view that product as unique.

IN CONTEXT

Consider Apple versus PC products. The reason Apple wants to create brand loyalty through differentiation is to increase repeat business. They don't want people going over and buying Samsung phones or PC computers. Rather, they want to make sure those customers come back and buy from their brand, which is Apple.

Harley Davidson is another great example. When you buy Harley Davidson, you're not just buying a motorcycle. You're becoming a part of a brand loyalty family. You're differentiated because of the image that Harley Davidson portrays, and if you buy into that differentiation, then you're more likely to buy your next motorcycle from Harley Davidson as opposed to Honda or another motorcycle manufacturer.



TERM TO KNOW

Product Differentiation

Creating a perceived difference between a good or service in the mind of the cluster of customers that are the focus of the business or organization.

3. Substitute Products

A **substitute products** is a product that a consumer would select in lieu of another product. Now, branding is important here because you don't want people substituting another product for the one that you are selling.

➞ **EXAMPLE** Take Starbucks versus Folgers. You want to make sure that consumers are buying your particular brand of coffee and not substituting it with another.



➔ **EXAMPLE** Coca Cola is another good example. Coca Cola wants to make sure you keep buying their product. They brand it in a particular way to create a differentiation between the product and something else, and to keep you from substituting a product like Pepsi for Coke.



TERM TO KNOW

Substitute Product

A product that a consumer would select in lieu of another product.

4. Branding Strategies

Companies have a choice in branding strategies, or how they brand their products or their company.

Branding Strategies	Description	Example
Individual branding	Involves branding a particular individual product	Coca Cola makes a lot of different beverages, selling everything from water to juice to coke. However, they brand each one individually. On the one hand, this can create big gains for the individual product. On the other hand, there are a lot of things to keep up with when branding in this way. Consumers don't necessarily associate a particular brand of water with Coca Cola the company; they associate Coke with the company.
	Consists of branding a family of	With Sony, you're buying the brand name. You're not necessarily

Family branding	products or a company as a whole	buying the individual camera, camcorder, phone, or PlayStation. You're buying the Sony product or the Sony name.
Brand extension	Launching a new product by using an existing brand name on a new product in a different category	Clorox is a simple bleach, but they've extended that brand name into other areas, such as cleaning products for your bathroom and kitchen. Brand extension involves taking a brand that's already known and established--like Clorox--and expanding into different markets, taking that good name along with it.



SUMMARY

Today we learned that **branding** is important. Companies want to make sure that their brand is recognizable and reflects back on them in a positive way. Brands should be recognizable by their name, color, and logo, sticking in the minds of the customers.

We also learned about the importance of **product differentiation**, because it is used to create brand loyalty with a particular brand or product. How is your product different? How can you increase repeat sales by differentiating your product? How can you decrease that **substitute product** sale? We learned about how differentiating one product from its competitors can help prevent customers from buying something from a competing company.

Lastly, we learned about **branding strategies**, including individual branding, family branding, and branding extension into new areas with a particular brand name.

Good luck!

Source: adapted from sophia instructor james howard



TERMS TO KNOW

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Substitute product

A product that a consumer would select in lieu of another product.

Trademark

Provides exclusive legal use of branding and all of its related elements.

