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BRANDING STRATEGIES DURING ECONOMIC CRISIS: AVOIDING THE EROSION

ABSTRACT. The purpose of this article is to analyze marketing actions, which should and should not be taken by companies during economic downturn. Today consumers are more price sensitive and less brand loyal than ever before. Economic crises brought hard times into various markets; consumers buy according to special offers and do not notice brands' advantages and their message to them. Main market players have started price wars, which weakens brands and their positions in the market. Different markets require different marketing actions to achieve goals, although price wars are not a solution during economic downturn, especially for well-known and established brands. Marketing strategy, branding and appropriate actions, should be strong, but reach every consumer, especially those with reduced amount of revenue.

This paper analyses factors which influence brands' growth. It also tries to understand, what drives consumers to buy appropriate brand. What could be done today, when brands face challenging times (great examples, how companies faced price wars). Also analyses strong brands performance during hard times (in our case, Kellogg's).

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Introduction

*"**Brands** that have enjoyed trust and allegiance for decades **can be eroded instantly** by the actions of a few people. In the face of increasing complexity, is it any wonder leaders tread more carefully as they assess their choices?*

(Dotlich *et al*., 2009, p.10)

The purpose of this article is to analyze marketing actions, which should and should not be taken by companies during economic downturn. Today consumers are more price sensitive and less brand loyal than ever before. Economic crises brought hard times into various markets; consumers buy according to special offers and do not notice brands' advantages and their message to them. Main market players have started price wars, which weakens brands and their positions in the market. Different markets require different marketing actions to achieve goals, although price wars are not a solution during economic downturn, especially for well-known and established brands. Marketing strategy, branding and appropriate actions, should be strong, but reach every consumer, especially those with reduced amount of revenue.

Additional market research and other marketing actions, which assist in finding solutions, should be substantial during hard times. Value-added information and plausible marketing decisions foster consumer loyalty and respect towards brands. Today companies strive to achieve bigger market share no matter what. Although good and politically fair marketing actions strengthen brands and keep consumers loyalty awake during challenging times and economic hardships.

Usually it is thought that only strong companies can survive and spend money for advertisement during crises, while the small ones only looks for possibilities to survive. Not only temporary price reductions or products costs reductions (of course reducing quality) can attract consumers. Also there are possibilities to invest into marketing without any enormous investments (social media, student projects and etc.).

The main emotion, which overwhelms all companies during economic depressions, is uncertainty and the fear of losing everything. These emotions draw the line of risk, which they think they could take.

This paper analyses factors which influence brands' growth. It also tries to understand, what drives consumers to buy appropriate brand. What could be done today, when brands face challenging times (great examples, how companies faced price wars). Also analyses strong brands performance during hard times (in our case, global hotel network, Nokia, Nike, Kellogg's).

For leaders, the world has become flatter, faster, more interdependent, and riskier. Regulatory decisions in one country now spread worldwide. The outcomes of clinical trials in China now influence regulatory approvals in the United States. Consumer reactions to product introductions are now instantly global. Financial decisions made in one country by one company – and even one leader – can shake the global financial system. Large corporations such as Bear Stearns, Countrywide, Lehman Brothers, Merrill Lynch, Arthur Andersen, and (as everyone knows) Enron, can disappear overnight as a result of a few wrong decisions, especially over the period of economic slowdown.

Every company wants a brand like Coca-Cola, Cadbury, Sony or Toyota. These brands represent a consumer, business or regional shorthand for what a company does and how well it does it. Brands are a valuable corporate asset that can increase profitability, sales and even share value. Brands shrink sales cycles. They bolster competitive prowess and help launch new offerings. They enable higher pricing. In consumer electronics, for example, the price difference between branded and unbranded products is as high as 50–60 per cent. No wonder branding has moved to the top of corporate strategic goals.

While eternal truths about human behaviour remain constant, brand imperatives change over time. Shaped by technological, economic or social forces, brand imperatives reflect new customer demands, competitive realities and even new media. In other words, they represent social, economic and technological 'brandscapes' – the forces that shape awareness, selection, relationships and reputation.

Changes in economy influenced a lot of brands, some even failed to survive. Many brands faltered as the world moved from the mass economy to the customer economy. The next branding era is the 'demand economy' (Wreden, 2007). Customers won't want just offerings; they will want service, support and offerings just for them – now.

As today global economy face hard times, It is interesting to analyze market players marketing steps availabilities, so:

Research object is marketing and branding actions during economic downturn.

Research goal is to analyze companies marketing opportunities during economic crisis and reveal importance of branding for consumers with reduced income. For this purpose, these research tasks have been identified:

to study brands building and developing steps during stable economy period;

define main risk, which brand faces during economic crisis;

analyze examples, how companies faces hard times and what were their marketing steps, presenting examples from the world-wide practices as mini case studies.

It is important to see opportunities ahead and try to be first even when the hard times come.

1. Brands: Building Blocks and Steps

„Brand building is much more than the responsibility of the marketing department of even the CEO, although both functions must participate actively in championing and protecting the brand from within for the effort to succeed".
(Bedbury and Fenichell, 2003, p.xiii)

Today brands might be a valuable asset, which brings companies earnings to unexpected hights. Brands with good reputation are well known in markets and make consumers satisfied with high quality products or services and sometimes good value for money. Of course, brand‘s good reputation should be built and managers should make strategic steps to keep consumers loyal by doing varios marketing activities (Johnson et al., 2008).

Strong brands usually become strong because they become famouse and desirable. To become desirable or famous brand must be different and give some added value to consumer. The car, watch and etc. show needstates of the consumer, if he is youthfull or modern, businessman or housewife. All these different groups are willing something from brand and powerfull brand fullfill these needs. Of course, some brand are based on emotions. Emotion value of prestige is very important nowadays, so brand should be built both, rationaly and emotionaly.

New research is published and frameworks are developed on a daily basis in the attempt to find the holy grail of brand management. Peter Cheverton (2009) wrote simple, but great idea about what is a good brand - A good brand will make you feel good about the choice you have made, to buy it and to use it. A good brand will help you make that choice in the first place, and it can do that because it knows how to make you feel good. The good brand, as illustrated in *Figure 1*, is a virtuous circle of action and reaction, give and take.

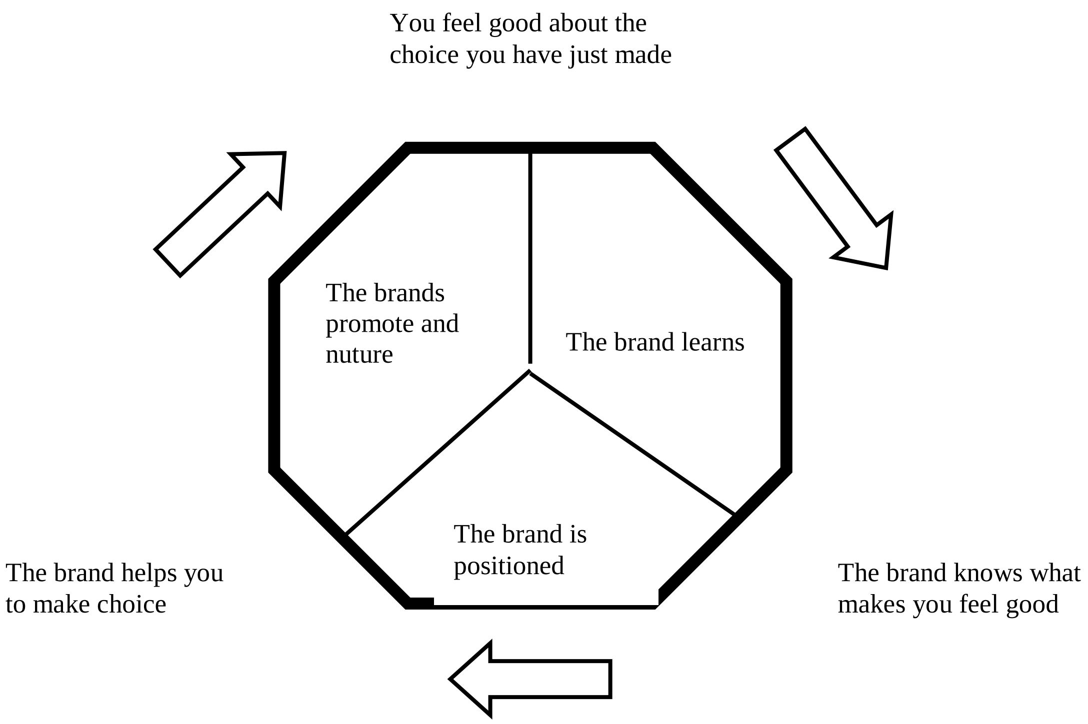

Figure 1. The blocks of a good brand after Cheverton (2009)

It almost explains everything about good and powerful brand, but to create one, there is a long way.

1.1. Steps of Brand Building

Successful branding is about promoting brand strengths and satisfying needs. It's important to look at the big picture and start thinking about where business is good at: exceptional and good-quality services, other particular skills or providing the best value for money in particular marketplace, maybe even with innovations. ‘Brand value’ is the most important thing, and it is important to make sure, that new brand can deliver promises, because brand also needs to be matched to customers’ needs.

As branding consultant Eric Dellin offers, to create brand first steps should be taken:

1. Soul searching. Style type should be decided: conservative or edgy? An idea should be created to decine the place ont the spectrum.

2. Educating. Learning and looking for information, to find out, what types of identities are out there, and notice any positive or negative things.

3. Getting Objectivity. Set aside personal likes and dislikes. It' s very difficult to shelve opinion-based personal likes and dislikes and concentrate on just the objective goals of the company image.

4. Looking at the Big Picture. Think of the role of identity in overall plan, and how it will be used. What is goal as a company? What is special about your company?What kind of impact make could be made o the audience?

5. Finding the Link. With company names getting more and more creative, it‘s important to find a crucial link between the company identity and it‘s mission.

6. Choosing the Right Design Professional. Some people go into this process with strong opinions, but others don't really know where to start, good advice should be always welcome.

After going threw these first steps, which will take a lot of time and money, other steps follow. A brand identity should be more than just clever. It should provide the prospect with a reward, like intrigue, enjoyment, and understanding.

1.2 Seven Approaches to Brand Management

In *Section 1.1* you could get to know first simple steps for creating a brand offered by the banding consultant, although marketing researches and specialist 'dig' much deeper, because brand is not just a name or a sign on a package, I could define brand as a phenomena, based on philosophy, traditions, psychology and accountability, which can intrude minds, businesses, markets and leave satisfaction. To be able to create and manage such oeuvre, creator should know basics of almost everything.

Traditionally, brand management textbooks offer an introduction to main concepts and the wide array of theories, but often fail to discriminate between how different approaches result in very different outcomes and why. Brand management draws on many different scientific traditions such as economics, strategic management, organizational behaviour, consumer research, psychology and anthropology just to mention a few. A complete overview of brand management hence requires multidimensional thinking. Heding, *et al*. (2009) introduced, how brand equity is created and managed by understanding the seven brand approaches and separately provides a deep insight into the strengths and weaknesses of each approach and hence the potential of brand management as a whole.

Seven approaches are (Heding, *et al*, 2009):

1. **The economic approach**: the brand as part of the traditional marketing mix. The research of the economic approach is centred on the possibilities of the company to manage the brand via the marketing mix elements (the Four P's): product, placement, price and promotion, and how these factors can be manipulated to affect consumer brand choice. The creation of brand value is investigated as influenced by changes in e.g. distribution channels, price modifications and promotions. The economic consumer bases consumption decisions on rational considerations and the exchange between the brand and the consumer is assumed to be isolated tangible transactions.
2. **The identity approach**: the brand as linked to corporate identity. Marketer (as corporation) is in charge of brand value creation. Processes of organizational culture and corporate construction of identity are key influences.
3. **The consumer-based approach**: the brand as linked to consumer associations. Brand is perceived as a cognitive construal in the mind of the consumer. It is assumed that a strong brand holds strong, unique and favourable associations in the minds of consumers.
4. **The personality approach**: the brand as a human-like character. The personality approach is a prerequisite for and very much associated with the relational approach.
5. **The relational approach**: the brand as a viable relationship partner. The relational approach is rooted in the philosophical tradition of existentialism and the methods are of a phenomenological nature.
6. **The community approach**: the brand as the pivotal point of social interaction. The community approach is based on anthropological research into so-called brand communities. Brand value is created in these communities where a brand serves as the pivotal point of social interaction among consumers.
7. **The cultural approach**: the brand as part of the broader cultural fabric. The approach both explains what branding does to macro-level culture and how embedding the brand in cultural forces can be used strategically to build an iconic brand.

In summary each approach holds its own implicit view of the nature of the brand and the premises of the brand–consumer exchange. Clarifying these assumptions facilitates the understanding of the theories, methods and managerial implications of each approach. In our case economic downturn might influence attitude in every approach, although economic approach, which is basic to all other approaches and talks about a brand as a part of traditional marketing mix, is the most important talking about today's crises.

2. Brand in Erosion: The Bubble Theory

Credible evidence suggests that ***financial markets think brands are worth more than the consumers who buy them****. The constantly rising valuation of major brands is* ***creating a brand bubble****, one that could erase large portions of intangible value in firms and send a shockwave through the global economy.*
(Gerzema and Lebar, 2008, p.6)

Figure 2 illustrates the typical value exchange between brands and consumers. In essence, the multiples that markets place on brand value overstate actual consumer sentiment, so the value creation that brands bring is greatly exaggerated. That is, Wall Street is long on brands; consumers are short on brands.

Our data indicates that investors are irrationally overvaluing brands, and that if leading companies do not take steps to change their approach, more than a few of them might soon experience dramatic *declines in market value*.

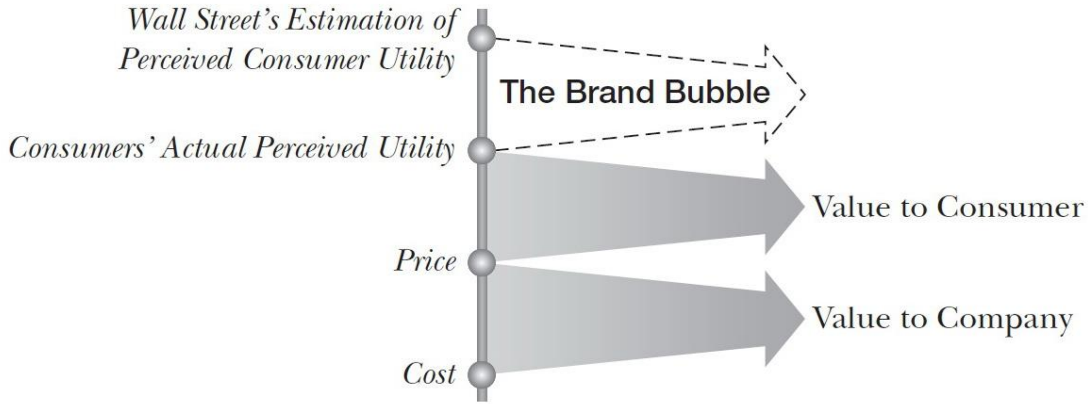

Figure 2. Nature of the Brand Bubble
Source: Gerzema and Lebar, 2008.

Of course, this is not to suggest that some **stellar brands** are not genuinely outperforming the market and setting new standards in customer loyalty and financial performance. But in most cases, these are precisely the brands that serve as examples of what other companies must *do to inject value back into their own brands*. These are the brands consumers swoon over, tell their friends about, and buy time and time again. These are the brands that drive a company's stock beyond the estimates of financial experts. These are the brands that create surprise earnings quarter after quarter.

The problem is these stellar brands are becoming fewer in number. In today's changing consumer climate, exceptional brands are just that – exceptions. Most of the brands lining our supermarket shelves, hanging from department store racks, or touting their superiority on television are experiencing a ***rapid diminution of perceived value*** *(see Table 1). Consumers are simply falling out of love with a majority of brands they buy*.

This warning about the prices of assets such as brands being in decline is, without doubt, contrary to what most people believe. Just as with equities and property in past bubbles, the market values of brands have been consistently rising for decades.

Even in today's recessionary climate, brand valuations reports continue to proclaim consistently rising brand values each year. How then is a brand value collapse possible? Thousands of brands have experienced large and long - term successes driving their corporate stock in a continuous upward pattern, enriching executives and investors alike. What exactly is the nature of this bubble? Are we talking about a simple market correction that will be forgotten in a few months or a year? And, if that is so, then why bother with it?

In reality, this is not a simple market correction. Our research foretells a significant loss of value for many brands that will jolt business and investors alike. Markets, being about expectations, have pushed brand values to unsustainable levels, where the earnings potential imputed to thousands of brands far outstrips their value to the consumer. These expected future cash flows that brands are expected to account for have grown to become a dominant force in driving total business value. But their future value is unsustainable when we uncover and analyze the true state of most brands today.

As CEOs search for future pathways to growth, their brands now account for a growing proportion of total enterprise value. This means their brands are making bigger promises of mature earnings. Are those earnings going to be there in the future? Have most companies properly discounted the risk on their rising brand values?

Table 1. The "Valuation Gap" According To Consumers

Perception	*Reality*
If brand value is increasing, so should brand trust.	**Brands are less trusted than ever.** Trustworthy ratings dropped almost 50% over the last 9 years.
If brand value is increasing, brands should be more liked and admired.	**Brands are less liked and respected.** Esteem and regard for brands fell by 12% in 12 years, and very few brands are widely regarded across the general population.
If brand value is increasing, brands should be better known.	**But brands are less salient than ever.** Awareness of brands fell by 20% in 13 years.
If brand value is increasing, quality perceptions of brands should be increasing as well.	**Consumers feel brands are less quality.** Brand quality perceptions fell by 24% over the past 13 years.
If brand value is increasing, more brands should be clearly differentiated.	**Brand differentiation declined in 40 of 46 categories studied by Copernicus/ Market Facts.** And only 7% of prime time commercials were found to have a differentiating message.

When future earnings are in question, it's more than a brand problem; it's *a business problem.* Most of the discussion surrounding the tectonic shifts in the digital, consumer, and media landscape has been held at the marketing and brand level. By examining these phenomena through the lens of brand value, we can see how new consumer behaviours are causing widespread perceptual damage to the values of all but a handful of brands.

3. Brand Risks

The economic approach is the approach upon which all the sequential approaches in brand management rest. Whereas this approach evolves marketing mix theory, doing right marketing steps in 4P's, all brand risks during economic downturn might pass with minimal loss. Product, price, place and promotion are the main mechanisms to create, manage brands.

Brand managers are assumed to be able to control consumers' brand choice behaviour by ensuring an optimum mix between the four main elements of the marketing mix. The marketing mix is hence a key instrument for understanding and facilitating transactions between the company and the market. The logic is that a brand will succeed only if the manufacturer of that brand is able to produce a product that delivers high utility benefits, then sells it at the right price, in the right places, and promotes it to such an extent and in such a way that spurs consumer awareness (Heding, et al, 2009).

Yes, marketing mix elements work well during normal economic situation. It is easy to decide which place or what price might be right for a brand, when consumers are self-determined enough because of personal financial freedom. The puzzle is when economic downturn comes and good brand starts loosing loyal consumers, because of worst personal financial situation. Brands everyday face various risks and managers should make clever steps to survive hard times.

A number of functions have long been accustomed to the disciplines of formal risk assessments of one kind or another: finance, insurance procurement, legal, health and safety and others. Over the last decade, as a result of the new obligations placed on firms, risk management has evolved substantially both in theory and practice. One of most important risk that brand faces during economic downturn –price risk.

3.1. Product Pricing Myths during Economic Crisis

Product pricing is an area full of marketing myths. '*Low prices don't sell'* in some markets, '*high prices don't sell'* in other markets. The reality is that there is no one right answer but there are a few principles. The first one is that it has to make sense, and make sense in the minds of the customers, not the suppliers. If a product is cheaper than others, people want to know why. If there is no answer, the assumption, at least from an unknown supplier, is that it is poor quality. It works in a similar way if something is more expensive than the norm. With a few exceptions in the luxury markets, people will not buy something that is more expensive unless they are convinced there is a good reason. The reason may be rational or irrational. ***Rational reasons*** can be '*this is handmade by Chanel'* or 'this is made from exquisite raw materials' when it comes to fashion or furniture, or more ***irrational ones*** can be '*there may be a future shortage so buy now and gain later'*, which was an argument for many to buy shares in Internet companies at an inflated high price in 2000, causing **brand bubble**. Pricing also has to make sense for the supplier and companies in the distribution chain which is why a certain amount of discipline is required (Parameswaran, 2001).

Pricing during economic crisis is very sensitive to brand, because people are less brand loyal and more price sensitive, that is why companies starts to play with price or even embroil into price wars. What is a price was? Price war is a term used in business to indicate a state of intense competitive rivalry accompanied by a multi-lateral series of price reduction. One competitor will lower its price, and then others will lower their prices to match. If one of them reduces their price again, a new round of reductions starts. In the short-term, price wars are good for consumers, who can take advantage of lower prices. Often they are not good for the companies involved. The lower prices reduce profit margins and can threaten their survival.

In the medium to long term, they can be good for the dominant firms in the industry. Typically, the smaller, more marginal, firms cannot compete and must close. The remaining firms absorb the market share of those that have closed. The real losers then, are the marginal firms and their investors. In the long term, the consumer may lose too. With fewer firms in the industry, prices tend to increase, sometimes higher than before the price war started.

The main reasons for price wars to come are:

- **Product differentiation**: Some products are, or at least are seen as, commodities. Because there is little to choose between brands, price is the main competing factor.
- **Penetration pricing**: If a merchant is trying to enter an established market, it may offer lower prices than existing brands.
- **Oligopoly**: If the industry structure is oligopolistic (that is, has few competitors), the players will closely monitor each others' prices and be prepared to respond to any price cuts.
- **Process optimization**: merchants may incline to lower prices rather than shut down or reduce output if they wish to maintain the economy of scale. Similarly, new processes may make it cheaper to make the same product.
- **Bankruptcy**: Companies near bankruptcy may be forced to reduce their prices to increase sales volume and thereby provide enough liquidity to survive.
- **Predatory pricing**: A merchant with a healthy bank balance may deliberate price new or existing products in an attempt to topple existing merchants in that market.
- **Competitors**: A competitor might target a product and attempt to gain market share by selling its alternative at a lower price. Some argue that it is better to introduce a new rival brand instead of trying to match the prices of those already in the market.

The first reaction to a price reduction should always be to consider carefully. Has the competitor decided upon a long-term price reduction? Is this just a short-term promotion? If it is the latter, then the reaction should be that relating to short-term promotional activity, and the optimum response is often simply to ignore the challenge. Too often, price wars have been started because simple promotional activities have been misunderstood as major strategic changes.

But if it seems that it is a long-term move then there are many possible reactions. The most obvious, and most popular, reaction is to match the competitor's move. This maintains the status quo (but reduces profits pro rata). If this route is to be chosen it is as well to make the move rapidly and obviously - not least to send signals to the competitor of your intention to fight.

Another reaction is to hope that the competitor has made a mistake, but if the competitor's action does make inroads into a merchant's share, this can soon mean customers lose confidence and a subsequent a loss of sales. Branch one product into two selling one as a premium and another as a basic. This effective tactic was notably used by Heublein, the owner of the Smirnoff brand of vodka). React with other measures - Reducing price is not the only weapon. Other tactics can be used to great effect: improved quality, increased promotion (perhaps to improve the idea of quality).

Avoidance is by far the best policy, but it is advice which may not always be taken if the benefits seem attractive (which, unfortunately, they may also be to competitors). In an oligopoly markets prices can become ‘sticky’ because if the price rises, competitors will not follow the rise. So the merchant will lose its market share to its competitors on lower prices. But if the price falls, other players will merchants will follow suit if they can. At some point, merchants find that they can not gain profit if they cut the price further— so the sticky price remains.

Price stickiness is extremely common among large supermarket chains and prices, especially for commodities, tend not to vary much between them. Many of the supermarkets monitor price changes in other supermarket chains and vary their prices accordingly until they reach the point where any further decrease in their price will affect profits.

3.2 Branding During Economic Crisis

A preoccupation with the functional dimensions of crisis management – getting a clear picture of the situation, making critical decisions, coordinating multiple parties—has long prevented crisis scholars from recognising the importance of the symbolic dimension of crisis management.
(Boin, 2009, p.313)

The global financial crisis did come in handy for those leaders who were already facing an economic downturn due to longstanding vulnerabilities. Those leaders were relatively quick to recognise the global financial crisis, making sure to stress its 'unprecedented' and exogenous nature. In a similar vein, we can conclude that the global financial crisis relieved some leaders of the responsibility for dealing with complex policy problems that could now be branded 'unaffordable under the current circumstances'. While all this can be categorised as a form of crisis exploitation, it has little to do with the timely use of 'opportunity windows' (Kingdon, 1997) to push through otherwise unpalatable or infeasible reforms.

The dearth of targeted and timely reforms in the wake of a global crisis – supposedly a great time for deep reform (Hall, 1993) – suggests crisis exploitation might be harder or less prevalent than theory sometimes suggests it is (Kingdon, 1997). In spite of cheerful comments that a 'good crisis should not be wasted' ('il faut utiliser une crise'), few fundamental proposals were successfully initiated to redesign the financial system.

The customer economy is changing executive attitudes. The single biggest concern for managers globally today is customer retention. Researches revealed that enterprises rated customer loyalty and increased sales from current customers more important than sales to new customers. The bulk of branding efforts – and budgets – must move from acquisition branding to retention branding. Acquisition branding generates sales and market growth, but retention branding is critical for the most important growth of all – profitability. Retention branding also builds the foundation for brand sustainability. Companies speak of relationships in economic terms. In their eyes, relationships mean selling customers more, more often, at less cost. Branding strategies that overlook the requirement to be profitable by focusing instead on being 'number one in our market' or 'the industry's best-known offering' are doomed to failure. In the customer economy, brand sustainability means relationships on customer terms.

To the question, is branding important during economic crises, I would say – of course, but companies marketing strategies should match consumer's situation and be targeted to their loyalty. Brands must provide economic value to the customer. They must provide a greater return to the customer than the customer paid. They must perform as promised and meet expectations for quality and longevity. Good price and message to the consumers should not be forgotten in hard times. Companies should use more researches data, invest to advertisement and combine everything with a good price.

Economic value requires operational excellence. Systems and processes must ensure that quality offerings are accurately delivered on time. Economic value encompasses integrated implementations of key technologies, including logistics, order processing and other systems. Information must be accessible to employees, suppliers and even customers who need to know (Upshaw, 1995). In a world where customers can be anywhere, operational excellence must also extend internationally where necessary. Doing business on customer terms delivers economic value. Customers must have alternatives to meet their requirements, which can range from the internet to retail showcases. Customer interactions must be built on relevancy and timing.

Offerings, information and communication must be based not on what the company wants to sell, but what customers may need to buy. This is not new. Solutions-based sales anchored in the customer perspective have always generated the greatest returns. Economic value also derives from effective internet usage. The internet is much more than a new marketing and sales channel. Social media (Twitter, Facebook) can be a great and cheap marketing tool to reach consumers in a new and more effective way. Ultimately, the internet enables more effective supply chains as well as the ability to work collaboratively with partners, customers and suppliers (Arruda and Dixson, 2007). In terms of branding, without an effective, coordinated supply chain, the ability to deliver customer value is limited.

4. Mini Case Studies in Branding: Overcoming Global Crisis

Why, then, are companies so quick to cut back when trouble hits? The answer has something to do with a famous distinction that the economist Frank Knight made between risk and uncertainty. Risk describes a situation where you have a sense of the range and likelihood of possible outcomes. Uncertainty describes a situation where it's not even clear what might happen, let alone how likely the possible outcomes are. Uncertainty is always a part of business, but in a recession it dominates everything else: no one's sure how long the downturn will last, how shoppers will react, whether we'll go back to the way things were before or see permanent changes in consumer behaviour. So it's natural to focus on what you can control: minimizing losses and improving short-term results. And cutting spending is a good way of doing this; a major study, by the Strategic Planning Institute, of corporate behaviour during the past thirty years found that reducing ad spending during recessions did improve companies' return on capital. It also meant, though, that they grew less quickly in the years following recessions than more free-spending competitors did. But for many companies recessions are a time when short-term considerations trump long-term potential.

This is not irrational. It's true that the uncertainty of recessions creates an opportunity for serious profits, and the historical record is full of companies that made successful gambles in hard times:

- *Kraft* introduced Miracle Whip in 1933 and saw it become America's best-selling dressing in six months;
- *Texas Instruments* brought out the transistor radio in the 1954 recession;
- *Apple* launched the iPod in 2001.

Then again, the record is also full of forgotten companies that gambled and failed. The academics Peter Dickson and Joseph Giglierano have argued that companies have to worry about two kinds of failure: "sinking the boat" (wrecking the company by making a bad bet) or "missing the boat" (letting a great opportunity pass). Today, most companies are far more worried about sinking the boat than about missing it. That's why the opportunity to do what Kellogg did exists. That's also why it's so nerve-racking to try it.

4.1 The Global Hotel Sector – Working on Global Brand Consistency

Consider the changes taking place in the hotel industry. Once-single-branded hotels now have multiple brands that cater to different customers. Hilton has five full-service brands – *Doubletree, Embassy Suites, Hilton, Hilton Garden Inn, and Homewood Suites*. Yet all must ensure a consistent experience for Hilton customers. Hotels must set ***global brand consistency*** while acknowledging the importance of local culture, particularly as hotel chains expand globally.

At the same time the expectations of leisure and business customers are changing. Both are no longer interested in just a place to sleep, but also a place to live, whether this means broadband access over the Internet or twenty-four-hour fitness centers. This has had a significant impact on the design and amenities required to satisfy customers.

4.2 The Nokia Case – Working on Brand Localization in India and China

Just about every industry is facing similar conundrums involving its communities of interest. For this reason, companies must understand their customers at a deeper level than has ever been required before. Nokia's quest to add 2 billion customers in the next few years – especially customers in markets such *as India and China* – reflects the significance of this challenge.

Nokia designed a mobile phone for emerging market customers that relied on *anthropological research* to help leaders get into the mind-set of this particular community of interest. In doing so it discovered that one of its assumptions about cell phone users was wrong: *One phone was often not used by just one customer*. Instead, phones were shared among members of villages or families because of the relatively high costs of the phones. The company created a different type of cell phone, one that was more rugged (because a shared phone requires durability), included a shared address book feature, a call tracker device that limits time and cost per call, and a one-touch flashlight that facilitates usage during the power outages common to these areas. None of these features would have been included if Nokia had failed to undertake the research on customer needs in emerging markets.

4.3 The Nike Case – Working on Brand Extension

Nike is a company that is constantly pushing the innovation envelope to create products to give the world's greatest athletes a competitive advantage. Athletes are its most demanding consumer. The development of *Nike+*, the social networking system that gives runners a motivational tool to run with music, is just the latest chapter of how the company creates new consumer experiences and connections, making customers better athletes.

Several years ago Nike executives noticed people all over the world running with music. Nike approached Apple with the idea to combine music and sport. The result? The *Nike+iPod* experience. It's a simple system built around a *Nike+iPod* sport kit, which includes a sensor that can be placed in a Nike+ enabled running shoe to talk to the chip placed in the runner's *iPod Nano*. The resulting data, which include pace, distance, and calories burned, are sent to Nike, via www.nikeplus.com, which in turn can provide training tips based on the data received. The technology has been extremely successful: more than 1.2 million members signed up at last count. Nike Plus has since become the world's largest running club and the gold standard for fitness training.

Nike has been leveraging the success of the Nike Plus online community to create new running events, such as the *Nike+ Human Race* August 2008, which brought together twenty five cities around the world to celebrate their love of running, in what the company billed as, the "world's largest 10K race." Nike Plus is a great product that could provide many ways to expand to diverse groups around the world, but Nike is keenly aware of the importance of targeting the right consumer***. Nike as a brand*** represents very specific, authentic qualities – *fitness, training, athleticism* – and if the community is to continue growing, it must keep its communications youthful. That is why it recently introduced avatars and iPhone applications to keep those connections strong.

4.4 The Kellogg's Case – Working on Brand Awareness

In the late nineteen-twenties, two companies—Kellogg and Post—dominated the market for packaged cereal. It was still a relatively new market: ready-to-eat cereal had been around for decades, but Americans didn't see it as a real alternative to oatmeal or cream of wheat until the twenties. So, when the Depression hit, no one knew what would happen to consumer demand. Post did the predictable thing: it reined in expenses and cut back on advertising. But Kellogg doubled its ad budget, *moved aggressively into radio advertising, and heavily pushed its new cereal*, **Rice Krispies**. By 1933, even as the economy cratered, Kellogg's profits had risen almost thirty per cent and it had become what it remains today: the industry's dominant player.

4.5 The Chrysler Case – Working on Maintaining Brand Investment

Chrysler had been the third player in the U.S. auto industry, behind G.M. and Ford. But early in the downturn it gave a big push to a new brand – Plymouth – targeted at the low end of the market, and by 1933 (Great Depression) it had surpassed Ford to become North America's second-biggest automaker. On a smaller scale, *Hyundai* has made huge gains in market share this year, thanks to a hefty advertising budget and a guarantee to take back cars from owners who have lost their jobs. Those gains may turn out to be temporary, but in fact the benefits from recession investment are often surprisingly long-lived, with companies *maintaining their gains in market share and sales* well into economic recovery.

Conclusions

1. Brand risk can be reduced by the range of methods company' management use to build and communicate their brand, and the risks of customer shifts to other sources can be reduced by collecting more proprietary information about customers and using it to deepen their relationship with a company.
2. Each organization unit responsible for ensuring the protection of the brand, supply chain, talent, and whatever other range of risks management identifies should have a "resilience drill" that can be activated whenever a threat – or potential threat – appears.
3. If a brand is already established from a past leader, then any leader in an organization must be sure to be able to live that brand, reinforce it, and develop it. Great brands stand for great values. They not only represent an aspirational vision that people can identify with, they deliver a promise to consumers and other stakeholders that is seen as valuable and important.
4. The problem, of course, is that branding is also becoming increasingly important. How do you tailor communication to thousands of markets and maintain the soul of the brand? How can you run a network television commercial that do not contradict all those micro messages?
5. It has also been proven that brand bubble phenomenon has occurred in branding equally mimicking the property and financial crisis world-wide due to over-valuation of stellar brands and customers' lost loyalty.
6. As mini cases of Nike, Nokia, Kellogg's, Chrysler and global hotel network in the paper have demonstrated there are several ways to build and maintain brands, to function effectively in a global environment – *all this involves managing meaning, brand extensions, glocalizing brands, working on global brand consistency, brand awareness, maintaining brand investment and satisfying customer needs*.

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