

**Joseph L. Rotman School of Management
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MGT 2516: Branding (Winter 2004)

Mondays 10:45 AM-12:45 PM; Room 157

Objectives of the course

Brands are ubiquitous, and they are not confined to business. Even wars are branded these days. (The U.S. initially branded its war in Afghanistan "Operation Infinite Justice"; a few days later it rebranded it as "Operation Enduring Freedom.") Perhaps the best sign of how pervasive brands are is that there is even an "anti-branding movement" --symbolized by Naomi Klein's book, *No Logo*.

In the business arena, brands, and the issues surrounding brand strategy, brand equity, and brand management, have always been important. These are issues CEOs typically get involved with. John Stuart, a former chairman of Quaker Oats Ltd, is reported to have once said: "If the business were split up, I would take the brands, trademarks, and goodwill, and you could have all the bricks and mortar--and I would do better than you." Perhaps this was an overstatement, but companies have been bought and sold at substantial premiums over the book value of their physical assets to reflect the value hidden in their brands. When Disney bought ABC in 1996, for example, ABC's balance sheet calculated the company's net worth at \$5 billion; Disney paid \$19 billion.

The course consists of two major parts. In the first part, we will develop a framework for thinking about brands, brand equity, its measurement, and the leveraging of brand assets. It is here that we ask the fundamental questions: What's in a brand name? Why do brands have value? How do we build a brand? How do we measure brand equity? How do we leverage brand assets without diluting brand value? The second part of the course deals with "special topics" --particular application areas that are interesting in their own right. These topics are: global branding, retailer branding, ingredient branding, and managing a brand through growth and decline.

The course is intended for students interested in branding issues. In other words, it should appeal to many students, not just marketing types. Students interested in financial careers should feel at home with the ideas that products become brands through marketing investments, and once they become established, brands are productive assets that can be leveraged, bought and sold, just like any other asset (many companies make a living putting a dollar value on brand assets!). Students interested in management consulting should realize that brand strategy is an important sub-practice at most strategy-oriented consulting firms (e.g., BCG, Booz, McKinsey). Students interested in legal careers will find the material on brand equity relevant to legal cases involving trademark infringement/deceptive advertising.

Intended takeaways

1. A conceptual framework for thinking about brands--how they are built, why they have value, and how they can be leveraged.
2. Examples from the real world illustrating how the theoretical framework can be applied.
3. Practice in applying the framework to make real-world branding decisions.

Teaching methods

Lectures. My purpose in the lectures is to develop frameworks for thinking about branding issues. The latest theories and empirical data on brand equity and branding strategy will be presented, in many cases based on my own research and that of my Ph.D students. I have an ongoing research program in branding (see the piece, “Is Brand Leveraging Going Too Far,” that I wrote for *Rotman Management*, included in your course packet, for an example), so this is a topic of personal interest to me.

Besides full-blown lectures, mini-lectures will be given at the end of every case discussion to place that material in context of what we have learnt from other readings, previous cases, and the overall theoretical framework. I will assume that you have read the assigned readings before coming to class, and have reflected upon them in sufficient depth to have a view on the merits of the arguments presented.

Case discussions. We will discuss several real-world business cases throughout the course. I have deliberately chosen cases involving a variety of products, countries, and situations so that we can learn from the diversity. For example, Creemore Springs Brewery is about how to grow a “boutique” Canadian beer brand, Charles Schwab is about building a financial-services brand, Inside Intel Inside is about the role of branding for a manufacturer of ingredients--in this case, microprocessors, and Shanghai Jahwa is about extending a Chinese brand of toiletry into a new product category.

I will expect that you have devoted enough time to prepare the case—preferably in conjunction with other members of your study team—so that you are thoroughly familiar with the facts of the case, and have a well-reasoned opinion on what the protagonists in the case ought to be doing. I have assigned discussion questions to help you prepare the case.

For each case discussion, I will give advance notice via e-mail to 5 or 6 students, to be called upon to be discussion leaders. After an opening presentation by one or more discussion leaders, we will throw open the case to the entire class. Not being one of the pre-assigned discussion leaders does not exempt you from class participation nor does being a discussion leader exempt you from future class participation. Having said that, in picking students for being discussion leaders I will consider whether you have had a chance to participate before, plus whether your previous work experience makes you particularly suitable for a particular case. If for any reason you don’t want to be called upon, please do let me know ahead of class.

Guest speakers. The course will have three guest-speakers:

- Paul Bates, Principal PM Corp., Former President and CEO, Charles Schwab Canada.
- Mich Bergesen, CEO, BrandEconomics LLC, Stern Stewart & Co.
- Lou Puim, Director of Marketing, Wal-Mart Canada Corp

Office hours

I will have office hours from 2-3 PM on Mondays & Tuesdays. You can also see me by appointment, and I am easily reachable via e-mail.

Grading

The course grade will be determined on the basis of:

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|-------------------------------------|-----|
| • Class participation (individual) | 15% |
| • Learning diary (individual) | 15% |
| • Mid-term examination (individual) | 30% |
| • Project presentation (team-based) | 40% |

I will grade each course component on a 100-point absolute scale--100 points signifying “perfection,” 0 points signifying “abysmal”--and provide you with a frequency distribution of marks in the class.

Teams

Please form teams of four to prepare cases for class discussion, and to do the team-based project. Based on the enrollment projections available to me currently, I want to end up with eight teams (the size of teams and number of teams may be adjusted somewhat depending on the actual numbers registered for the course). *You must submit a list of your team members by 5 PM, January 16 (Friday).*

Important note: All deliverables in the course can be e-mailed to me. Please mention 2516 in the Subject line.

Class participation

By class participation I mean *constructive* class participation, i.e., your insightful comments and/or questions that help promote everyone's learning (including mine). I don't mean "air time." Among the things I will consider in grading class participation are: Do you attend class regularly (note that attendance is also important from the perspective of the learning diary deliverable; see below)? Do your comments indicate you prepared the material assigned for the day? In a case discussion, do you go beyond repetition of case facts to analysis and recommendations? Do your comments show evidence of assimilating and integrating what has been discussed in the course so far? Are you a good listener—do you listen to what others are saying and contribute constructively to enhancing the discussion?

Please arrive in class on time. Late arrival disrupts the class. If for any reason you must miss class or are unprepared for class discussions, please let me know in advance by e-mail. To get credit for class participation, please display a name card in every class.

Learning diary

I would like you to maintain a learning diary through the term. After each class, please write down what the key learning points were in that class, how these relate to previous learning points developed in lectures, cases or guest-speaker visits, and your own experience (say, from previous jobs) and real-world examples that you know about (say, something you read in the news media). I do *not* want a summary of my notes--these will be summarized anyway. What I am looking for is *integration* and *perspective*--a "stepping back exercise" where you try to take stock of what you have learned. Particularly useful will be evidence of being able to relate one case to another (what is similar about the cases, what is different, and what do the differences imply for branding strategy), and relating theory to cases (either assigned cases or real-world stories from your personal experience).

Please turn in your learning diary in two installments: *A first half due on February 11 (by 5 PM) and the second half due on March 24 (by 5 PM).* I won't grade the learning diary until I have received both halves, but receiving a first installment earlier enables me to give you feedback--so that you can improve your diary-writing for the second half. Plus: the exercise of writing the diary will help you prepare for the mid-term exam, and, of course, it will discipline you to keep up with the diary-writing and not let it all pile up to the last day of class (not that there is any danger of that happening with Rotman students!).

Page limit for the entire diary: 10 pages (double-spaced; 1 inch margins; 12 point font), i.e., about a page a class, but you don't have to fill up a page. I will be grading content, not number of words. Also, in order to be fair to all students, I will stop reading after 10 pages, and won't accept late submissions.

Mid-term exam

There will be an in-class mid-term exam on February 23, right after the reading week. The exam will be closed-book, closed-notes, to be done individually. The subject matter for the exam will be the first part of the course, i.e., the foundations of branding. You will be expected to know the theoretical frameworks developed in class up to February 9, and to be able to apply them to specific real-world situations.

The only acceptable reason for missing the mid-term exam is illness, for which you will be expected to provide a medical certificate.

Project

Each team will develop a course project examining a branding issue/case, and present it to the class on March 29 or April 3.

The goal of the project is to apply the frameworks discussed in the course to develop additional theory and/or real-world data about a branding issue. It has to be *comparative* in nature: between brands, between companies, between industries, or between time-periods. For example, you may compare two companies in an industry that differ in their branding strategies. Or you may compare two industries which raise different branding issues, and in which we see different approaches to branding. Or you may compare two time periods for a given company where there is a change in branding strategy, or a change in the business environment that the company faces. In short, what is being asked for is a careful piece of scholarship that produces solid, reliable information that we can all learn from. A superficial presentation, based on your hunches, without solid back-up in data, won't get you very far. I would like you to dig around in business publications, on the Internet, as well as in the various online databases available at the School/University. Interviews with key participants in the company/industry may be useful as well.

Here are some potential topic ideas to get you started (but don't feel compelled to choose only from this list):

1. Is it easier to extend a brand downwards in quality than upwards? Why might this be so? Develop evidence to support your position, for example, by developing two case studies (I mean two real-world examples, not HBS-style case-studies) where one or the other strategy has been more successful.
2. Has the Roots Air debacle hurt the Roots brand? Why or why not? Compare with another case where the opposite happened. What do you learn from the comparison?
3. Absolut was once considered a premium vodka brand. Now, according to a recent *Wall Street Journal* article (October 24, 2002) it has lost its cache. Is this inevitable for any brand? What can a firm do to deal with this issue?
4. To what extent, if any, will there be a spillover of Microsoft's equity to its new product Xbox? How is Microsoft marketing Xbox? Compare with another brand extension, for example, Pampers going from disposable diapers to children's clothing.
5. What are the after-effects to Bridgestone/Firestone or to Ford of the tire recall in 2000? Has market share recovered? Explain the data. Was there a difference in response between OEMs and end-users (for replacement tire purchases)? Have Ford and Bridgestone/Firestone been affected equally? Why or why not?

Please note that only one team will work on a given project; if more than one team chooses the same project, I will allocate it to the team announcing its choice first. If you choose a project from outside the above list, be sure to get my approval of your choice. A *one-page project description* is due latest by February 13 (5 PM). I will provide feedback on your project selection and may ask you to change it if I don't think it meets course objectives. Please feel free to bounce ideas off of me.

The project deliverables are: (1) a PowerPoint file latest by March 26, 5 PM, and (2) a 20-minute presentation followed by a 10-minute Q&A in class, either on March 29 or on April 3.

Text book, readings, etc

There is no required text for the course. All required readings will be made available to you in a course packet. For students interested in pursuing topics in greater depth, I have recommended several optional readings in the class schedule below. These are not in the course packet, but links to them will be posted on the Portal. In addition, there are several books on branding listed below that you may want to consult. The Keller book, in particular, is a textbook that covers branding institutions comprehensively (but not necessarily with the same analytical perspectives that I will be using).. I will put a copy on reserve in BIC.

- Aaker, David A. (1991): *Managing Brand Equity*, The Free Press.
- Aaker, David A. (1995): *Building Strong Brands*, The Free Press.
- Aaker, David A. and Erich Joachimstaler (2000): *Brand Leadership*, The Free Press.
- Clifton, Rita and Esther Maugham (eds.) (2000), *The Future of Brands: Twenty-Five Visions*, New York University Press. [Interviews with 25 prominent people.]
- Keller, Kevin Lane (2003), *Strategic Brand Management*, Prentice Hall. [A textbook.]

In addition, the following sources have branding content::

- Brandchannel.com (by Interbrand, a branding consultancy): <http://www.brandchannel.com/start.asp>
- The McKinsey Quarterly: http://www.mckinseyquarterly.com/category_archive.asp?L2=16&L3=14
- strategy+business (by Booz Allen Hamilton): <http://www.strategy-business.com/>

CLASS SCHEDULE

1. January 5

Topic: Introduction to the course

Case: Eastman Kodak Company: Funtime Film (HBS 9-594-111)

Questions:

1. Why are film prices and market shares so different among different brands of films?
2. What is the role of brand in consumers' buying decisions? How would you reconcile the conclusions from the *Discount Merchandiser* survey and the views of Jim Van Semus, Kodak's manager?
3. What is Kodak trying to accomplish with Funtime film? Will it accomplish it? Why or why not?

Required readings:

1. Course syllabus
2. Holt: Brands and Branding (HBS 9-503-045)

Optional readings:

- ["Does It Pay to Change Your Company's Name? A Stock Market Perspective,"](#) Dan Horsky; Patrick Swyngedouw, *Marketing Science*, Vol. 6, No. 4. (Autumn 1987), pp. 320-335.

2. January 12

Topic: What does a brand do?

Case: Charles Schwab Corp.: Introducing A New Brand (HBS 9-502-020)

Questions:

1. How would you position Charles Schwab going forward?
2. Will the proposed advertising campaign accomplish it? If yes, why? If no, why not?
3. What else would you recommend for rebuilding the Schwab brand?

Required readings:

1. Court, Narasimhan, Gordon, and Elzinga: Building Strong Brands, Better, Faster, and Cheaper (McKinsey & Co)
2. Hill, McGrath, and Dayal: How to Brand Sand (*Strategy and Business*, 1998, Second Quarter, 22-34).

TEAM LISTS DUE BY 5 PM, FRIDAY JANUARY 16

3. January 19

Topic: Building a brand**Case:** Vans: Skating on Air (HBS 9-502-077)**Questions:**

1. How has Vans built the brand?
2. Compare Vans' success with its skate shoe versus Nike and Adidas's problems with theirs.
3. Does it make sense for Vans to be in footwear and entertainment?
4. What challenges does Vans face going forward?

Required readings:

1. Keller: Building Customer-Based Brand Equity (Marketing Science Institute Report No. 01-107, 2001)
2. "Building Brands Without Mass Media," Erich Joachimsthaler and David Aaker (HBR 97107).
Note: This article is not in your course packet because you saw it earlier in Prof. Hawkins's first-year marketing course.

4. January 26

Topic: Sources of brand equity**Case:** Pepcid AC: Racing to the OTC Market (HBS 9-500-073)**Questions:**

1. Does it make sense for JJM and other pharmaceutical manufacturers to go after the OTC market?
2. How does brand-building differ between prescription drugs and OTC drugs?
3. What role does being a first-mover play in the OTC market? Is order of entry more or less important in the OTC vs the prescription-drug markets?

Guest: Paul Bates, Principal PM Corp., Former President & CEO, Charles Schwab Canada. Mr. Bates will offer his perspective on the Charles Schwab case that we discussed on January 12.**Required readings:**

1. The Role of Brands in the Digital Economy (AT Kearney monograph)

Optional readings:

- ["Empirical tests of status consumption: Evidence from women's cosmetics,"](#) Angela Chao and Juliet B. Schor *Journal of Economic Psychology* 19 (1998) 107-131.
- ["How Brand Names Affect the Demand for Twin Automobiles,"](#) *Journal of Marketing Research*, 35, May 1998, 154-65.

5. February 2

Topic: Measuring brand equity

Guest: Mich Bergesen, CEO, BrandEconomics LLC, Stern Stewart & Co

Required readings:

1. Silk: Brand Valuation Methodology: A Simple Example (HBS 9-596-092)
2. Cravens, Karen S. and Chris Guilding, (1999), "Strategic Brand Valuation: A Cross-Functional Perspective", *Business Horizons*, July.

Optional readings:

- ["The Measurement and Determinants of Brand Equity: A Financial Approach,"](#) Carol J. Simon; Mary W. Sullivan, *Marketing Science*, Vol. 12, No. 1. (Winter, 1993), pp. 28-52.

6. February 9

Topic: Leveraging brand equity

Case: Shanghai Jahwa: Liushen Shower Cream (A) (Ivey 9A98A023)

Questions:

1. How is Liushen eau de toilette perceived?
2. Should the new shower cream be called Liushen?
3. If the new shower cream is called Liushen, how should it be positioned?

Required readings:

1. Court, Leiter and Loch: Brand leverage (*The McKinsey Quarterly*, 1999 Number 2)
2. Moorthy, Sridhar (2001), "Pushing the Limits: When Brand Leveraging Goes Too Far," *Rotman Management*, Spring/Summer.

Optional readings:

- ["Measuring Image Spillovers in Umbrella-Branded Products,"](#) Mary Sullivan, *The Journal of Business*, Vol. 63, No. 3. (Jul., 1990), pp. 309-329.
- ["The Reciprocal Impact of Brand Leveraging: Feedback Effects from Brand Extension Evaluation to Brand Evaluation,"](#) Vicki Lane and Robert Jacobson, *Marketing Letters* 8:3 (1997): 261-271.

FIRST HALF OF LEARNING DIARY DUE FEBRUARY 11, BY 5 PM.

ONE-PAGE PROJECT DESCRIPTION DUE BY FEBRUARY 13, 5 PM

7. February 23 MID-TERM EXAM

As described earlier, the exam will be in class, closed-book, and closed-notes. In addition to my notes from previous classes you may find it useful to read Keller's "The Brand Report Card" (HBR R00104) in your course packet.

8. March 1

Topic: **Retailer branding**

Guest: Lou Puim, Director of Marketing, Wal-Mart Canada Corp

Case: H-E-B Own Brands (HBS 9-502-053)

Questions:

1. What is the role of Own Brands for H-E-B?
2. Why doesn't Charles Butt want more than 30% share for Own Brands?
3. Evaluate Glacia's positioning. What, if anything, would you change?

Required readings:

1. Henderson and Mihas: Building retail brands (*The McKinsey Quarterly*, 2000, Number 3)
2. Quelch and Harding: Brands Versus Private Labels: Fighting to Win (HBR 96109)

Optional readings:

- ["Building Store Loyalty Through Store Brands,"](#) Marcel Corstjens and Rajiv Lal, *Journal of Marketing Research*, (Aug., 2000), pp. 281-291.
- ["Extrinsic and intrinsic cue effects on perceptions of store brand quality,"](#) Richardson, Paul S, Dick, Alan S, Jain, Arun K. *Journal of Marketing*. Chicago: Oct 1994. Vol. 58, Iss. 4; p. 28 (9 pages)

9. March 8

Topic: Ingredient branding

Case: Inside Intel Inside (HBS 9-502-083)

Questions:

1. What was the motivation behind the original Intel Inside campaign?
2. What was the effect of the Intel Inside campaign on how consumers made decisions in the PC marketplace?
3. Why did PC makers support the Intel Inside campaign?
4. Should Intel extend the Intel Inside campaign to other product categories like cell phones, PDAs, etc?

Required readings:

1. Dunne and Narasimhan: The New Appeal of Private Labels (HBR 99302)
2. Ward, Light and Goldstine: What High-Tech Managers Need to Know About Brands (HBR 99411)

10. March 15

Topic: Global branding

Case: Henkel KGaA: Detergents Division (HBS 9-502-019)

Questions:

1. Why are Unilever and P&G harmonizing their brand portfolio internationally? What benefits are they aiming to achieve?
2. Is it a strategic necessity for Henkel to follow suit - are they in the same situation as their competitors?
3. What brand strategy should Henkel follow in Italy and Spain? Specifically, what are the potential losses and gains from introducing the Persil brand in these markets?

Required readings:

1. Aaker and Joachimsthaler: The Lure of Global Branding (HBR 99601)

11. March 22 .

Topic: Managing growth and decline

Case: Creemore Springs Brewery: Branding Without Advertising (Ivey 9A99A024)

Questions:

1. How has Creemore built its brand? What is the source of Creemore's appeal?
2. What do you think about using advertising to boost Creemore demand?
3. How should Creemore grow?

Required readings:

1. Copeland: Successful Brand Repositioning (McKinsey & Co)

SECOND HALF OF LEARNING DIARY DUE MARCH 24, BY 5 PM.

PROJECT POWERPOINT FILE DUE BY MARCH 26, 5 PM

12. March 29

Topic: Project presentations I

13. April 5

Topic: Project presentations II

CLASS SCHEDULE AT A GLANCE

PART 1: FOUNDATIONS OF BRANDING				
DATE	TOPIC	READINGS	CASE/GUEST SPEAKER	DISCUSSION QUESTIONS
1. Jan 5	Introduction to the course	<ol style="list-style-type: none"> Course syllabus Brands and Branding 	Eastman Kodak Company	<ol style="list-style-type: none"> Why are film prices and market shares so different among different brands of films? What is the role of brand in consumers' buying decisions? How would you reconcile the conclusions from the Discount Merchandiser survey and the views of Jim Van Semus, Kodak's manager? What is Kodak trying to accomplish with Funtime film? Will it accomplish it? Why or why not?
2. Jan 12	What does a brand do?	<ol style="list-style-type: none"> Building Strong Brands ... How to Brand Sand 	Charles Schwab	<ol style="list-style-type: none"> How would you position Charles Schwab going forward? Will the proposed advertising campaign accomplish it? If yes, why? If no, why not? What else would you recommend for rebuilding the Schwab brand?
Jan 16 (5 PM)	TEAM LISTS DUE			
3. Jan 19 Cases assigned today	Building a brand	<ol style="list-style-type: none"> Building Customer-Based Brand Equity Building Brands Without Mass Media 	Vans	<ol style="list-style-type: none"> How has Vans built the brand? Compare Vans' success with its skateshoe versus Nike and Adidas's problems with theirs. Does it make sense for Vans to be in footwear and entertainment? What challenges does Vans face going forward?
4. Jan 26	Sources of brand equity	The Role of Brands in the Digital Economy	Pepcid AC/Paul Bates, PM Corp.	<ol style="list-style-type: none"> Does it make sense for JJM and other pharmaceutical manufacturers to go after the OTC market? How does brand-building differ between prescription drugs and OTC drugs? What role does being a first-mover play in the OTC market? Is order of entry more or less important in the OTC vs the prescription-drug markets?
5. Feb 2	Measuring brand equity	<ol style="list-style-type: none"> Brand Valuation Methodology .. Strategic Brand Valuation: ... 	Mich Bergesen, Stern Stewart	
6. Feb 9	Leveraging brand equity	<ol style="list-style-type: none"> Brand leverage Pushing the Limits ... 	Shanghai Jahwa	<ol style="list-style-type: none"> How is Liushen eau de toilette perceived? Should the new shower cream be called Liushen? If the new shower cream is called Liushen, how should it be positioned?
Feb 11 (5 PM)	FIRST HALF OF LEARNING DIARY DUE			
Feb 13 (5 PM)	ONE-PAGE PROJECT WRITE-UPS DUE			
READING WEEK				

7. Feb 23

MIDTERM EXAM

PART 2: SPECIAL TOPICS IN BRANDING

DATE	TOPIC	READINGS	CASE/GUEST SPEAKER	DISCUSSION QUESTIONS
8. Mar 1	Retailer branding	<ol style="list-style-type: none"> Building retail brands Brands Versus Private Labels ... 	Case: H-E-B Own Brands Guest: Lou Puim, Wal-Mart Canada	<ol style="list-style-type: none"> What is the role of Own Brands for H-E-B? Why doesn't Charles Butt want more than 30% share for Own Brands? Evaluate Glacia's positioning. What, if anything, would you change?
9. Mar 8	Ingredient branding	<ol style="list-style-type: none"> The New Appeal of Private Labels What High-Tech Managers ... 	Inside Intel Inside	<ol style="list-style-type: none"> What was the motivation behind the original Intel Inside campaign? What was the effect of the Intel Inside campaign on how consumers made decisions in the PC marketplace? Why did PC makers support the Intel Inside campaign? Should Intel extend the Intel Inside campaign to other product categories like cell phones, PDAs, etc?
10. Mar 15	Global branding	The Lure of Global Branding	Henkel KGaA	<ol style="list-style-type: none"> Why are Unilever and P&G harmonizing their brand portfolio internationally? What benefits are they aiming to achieve? Is it a strategic necessity for Henkel to follow suit – are they in the same situation as their competitors? What brand strategy should Henkel follow in Italy and Spain? Specifically, what are the potential losses and gains from introducing the Persil brand in these markets?
11. Mar 22	Managing growth and decline	Successful Brand Repositioning	Creemore Springs	<ol style="list-style-type: none"> How has Creemore built its brand? What is the source of Creemore's appeal? What do you think about using advertising to boost Creemore demand? How should Creemore grow?
Mar 24 (5 PM)	SECOND HALF OF LEARNING DIARY DUE			
Mar 26 (5 PM)	PROJECT POWERPOINT FILE DUE			
12. Mar 29	PROJECT PRESENTATIONS I			
13. April 5	PROJECT PRESENTATIONS II			