Chapter 3: Literature Review

In the last centuries, the importance of branding and managing of brand equity has increased drastically. Brands have become the ultimate competitive asset because "they last forever, are infinitely scalable, create enormous premiums, and are portable across products and even categories" (Hill, 2004, p. 13). Yet the profile of the consumer has changed over the years because consumers now know more about products since they can compare prices and exchange opinions with other consumers via the Internet. Therefore, they do not consume passively anymore, but have become a lot more passionate about the products and brands they buy, and want their brands to become a form of self-expression. (Brady et al., 2004)

Consequently the task for brand managers has also shifted and has become a lot more difficult. Every year, a flood of new products enters the market, the competition has become a lot fiercer, and the task of establishing and maintaining the value of a brand has become harder. The basic problem is that, although everyone realises a successful brand when they see it, nobody really knows how to create the next one. (Hill, 2004)

Another problem that exists is what Buchholz and Wördemann (2000) describe as the marketing meltdown. Not only is the product universe expanding while the consumer universe is shrinking, products and services also become more and more interchangeable to the point that often it is nearly impossible to make out a selling point based on objective quality factors. The result of this is that price often becomes the decisive factor in purchasing decisions. A further aspect behind the marketing meltdown is the information overload; consumers are flooded daily with such a high quantity of information that they can only digest a very small amount of it. This information overload is one reason why

branding is becoming more important, because the consumer is confronted with an enormous supply with little qualitative difference among the choices. (Gray, 2004, p. 70)

In spite of this hostile environment, there are still brands that continuously keep on growing and since, for a company, its brands often signify one of their major competitive assets, the question arises as to what the secret of those mega brands is. Due to the importance of branding and the strong competitive advantage that can be achieved through powerful brands, a lot of research has been conducted during the last years. Although a lot of valuable information can be retrieved from this research, it is still very hard to give a clear answer or formula of how to build a successful mega brand.

While Hill (2004) is convinced that the formula for transforming the brand potential into a great brand is based on a natural development over time, Buchholz and Wördemann (2000) are certain that every winning brand follows certain growth codes that can be applied like a blueprint to other brands. Brandy et al. (2004) believe that cult brands, which are brands with distinctive ideologies and with a well-defined and committed community, exhibit a great devotion or dedication. They are bound by a set of clearly defined and rigorously enforced values, while achieving their cult status, by nurturing stronger ties with consumers than other brands and by offering an attractive group identity. Aaker (1990, 1991, 1995), on the other hand, focuses on strategically managing brand equity, brand portfolio and brand extension, in order to secure the long term success of brands.

Regarding the management of brands and brand equity, brand extensions play a very important role because they can contribute to the success of the umbrella brand and reinforce the brand name, but on the other hand can easily damage the brand name as well. In a perfect case scenario, the umbrella brand supports the success of the brand extension

and vice versa, although there can also be cases where the extension harms the brand name, or even worse, where the opportunity of a new and potentially very successful brand is forgone. (Aaker, 1990; Sharp, 1993)

Puma is an internationally well known brand that has adapted and changed its brand strategy very successfully over recent years. One of its brand extensions through licensing is Puma Fragrances that has adapted its strategy, together with the umbrella brand, and also achieved tremendous success in the German market and internationally. Although Puma has been very successful in reviving the brand, it still faces the problem that in the mind of some consumers, the brand is still associated with old brand values instead of the new ones. (Cosmopolitan Cosmetics GmbH)

The task of this research is to analyse how far the brand has been able to reposition itself in the mind of the consumers, what attributes the target group connects with the umbrella brand and the brand extension, Puma Fragrances, and what measures can be taken to optimise the interaction between the two. Since the core associations of a brand are the key elements in differentiating it from other brands, these associations can therefore contribute to the competitive advantage of this brand over others. Hence, it is very important to find out what kind of association the target consumer links with the brand name.

In the following section, some important marketing concepts and theories are to be presented and discussed, which will give a theoretical background that will help to analyse the results of the conducted research.

3.1 Competitive Advantage

The goal of each company is to gain a competitive advantage, and for this reason, many of the marketing strategies that are to be discussed in this paper have competitive advantage as one of their major objectives. Thus, this part contains a brief description and overview of the topic.

Competitive strategy is defined by Porter (1995, p. 1) as “the search for a favourable competitive position in an industry” that “aims to establish a profitable and sustainable position against the forces that determine industry competition.” There are two basic subjects that lie beneath the selection of competitive strategy, one being the attractiveness of an industry for long-term profitability and the factors that determine it and the second being the determinants of relative competitive position inside the industry. Both industry attractiveness and competitive position are very powerful and both can be shaped by a firm, which makes the choice for a certain competitive position exciting and demanding. (Porter, 1995, p. 2)

The central goal of competitive strategy is competitive advantage. Over the last decade the marketing concept has been applied broadly and has developed into the leading conceptual foundation for the growth of competitive strategies. Thus, competitive strategy has become customer driven and competitive advantage is obtained by satisfying customers better, faster, or more cheaply than the competition. Yet consumers are confronted with a growing display of new products about which they often know little, forcing them to use their experience and observations to find out what they desire. Those experiences and observations can be heavily influenced by the strategies brands put forward. Therefore,

nowadays, competitive strategies are more about helping consumers learn what they want instead of focusing on giving them what they want. (Carpenter, Glazer & Nakamoto, n.d.)

3.2. Licensing

Since the fragrance market is very much affected by licensed brands, and given that Cosmopolitan Cosmetics is a licensee of the umbrella brand Puma, a short excursus on the topic of licensing is presented. The American Marketing Associations defines licensing in two ways:

> 1. [Strategic marketing definition is] a relatively simple, low risk linkage that allows a manufacturer to "enter" new markets (typically foreign markets). It is an arrangement in which a licensee in a new market is given the right to use a process, trademark, patent, or other proprietary item for a fee or royalty.
>
> 2. [Global marketing definition] is an agreement between two companies in which the licenser grants the right to the licensee to sell a patented product in specified markets for an agreed-upon fee. It is a tool for participating in foreign markets without large capital outlays. When capital is scarce, when import restrictions forbid any means of entry, when a country is sensitive to foreign ownership, or when it is necessary to protect trademarks and patents against cancellation for non-use, licensing is a legitimate means of capitalising on a foreign market. (Dictionary of marketing terms)

Brand licensing is a very common practice in bringing new products onto the market because it has some obvious benefits. It can generate immediate recognition among both retailers and customers and extend a product's demand by tapping into the brand's

already existing fan base. Yet, it is not a guarantee of success because one cannot just take a strong brand out of the air and put its logo on its product. The license has to be chosen carefully in order to give the product an individual point of differentiation, resulting in improved publicity and sales. It can also provide the product with new values and positioning. (“Brand licensing”, 2004, p. 41)

It is a common belief among managers that marketing costs for licensed properties are less than those for newly-developed brands because a large amount of the costs behind new product launches are associated with building awareness. Through licensing a brand, the awareness is simply acquired, yet one has to be careful not to rely too much on the existing awareness because this is the reason why many licensed products do not get enough marketing support and sometimes fail as a consequence. (“Brand licensing”, 2004, p. 41)

The problem is that if licenses go wrong, the drawback can be devastating. The brand can lose credibility, the product fails and the dealer misses out on sales. The connection that maintains a successful brand-licensing agreement breaks down, killing off the agreement in question, as well as causing long-term damage to the brand and destabilising future relationships with retailers. (“Brand licensing”, 2004, p. 41)

In order for companies to ensure success with licensed brands, they have to make sure that the licensed property really fits with the product and that the relationship creates something new and something credible to answer a consumer need. The optimal case is that “both sides bring their own strengths to the relationship, the brand extension is supported by clear use of each brand's visuals and it extends into categories that are different but related.” (“Brand licensing”, 2004, p. 41) In this optimal scenario the consumer does not

perceive the brand extension as a licensed product but simply perceives the brand as a whole, so that the licensing becomes invisible.

Brand licensing is a good method to enhance the product and boost sales, but it takes a determined dedication to build strong, long-term relationships that shape the foundation of success. The solution is to look directly at the licence, the resources behind it and the synergy between it and the end product. ("Brand licensing", 2004, p. 41)

3.3. Brand Management

After taking a look at competitive advantage and licensing, the next big section talks about brand management and all its branches. This point is extremely significant for the research topic since it deals with the question of how to ideally manage a brand and the whole brand portfolio in order to build brand equity that contributes as an invaluable asset to the worth of the company.

Brand management can be defined as the supervision of brands of products and services, from the time they are introduced into the marketplace, until they are removed. "A brand is a name, term, sign, symbol, or design intended to distinguish the goods and services of one seller from another" (Dalrymple & Parsons, 2000, p. 129) but can also be defined as "a name or some symbol or mark that is associated with a product or service and to which buyers attach psychological meaning". (Tybout & Carpenter, n.d., p. 76) The important aspect of the second definition is that a brand is much more than a name attached to a product because a brand includes a summation of consumers' perceptions and feelings about the attributes of a product. (Dalrymple & Parsons, 2000) Besides the name, logo, colour, symbol etc., which are basically only marketing tools and tactics, the brand also

represents the marketer's guarantee to deliver a particular set of features, benefits, and services, with consistency, to the buyer. It is the task of the marketer to create a mission for the brand as well as a vision of what the brand must be and do. (Kotler, 2003)

The amount and combination of associations, which can be connected to any product as to construct a brand is endless. (Tybout & Carpenter, n.d.) Consequently marketers try to create attractive images around their products in order to differentiate their products from those of their competitors. The differentiation of the product is based on tangible as well as intangible assets such as quality, shape, colour, and lifestyle compatibility. (Dalrymple & Parsons, 2000)

3.3.1. Brand Equity

Establishing and maintaining brand equity is a very important part of brand management and is one of the most significant jobs of any marketer. Therefore one must understand which factors play an important role in this process of building and sustaining brand equity. To begin with, brand equity must first be defined. In order to do so, it is important to understand that a significant difference exists between a product and a brand, which is expressed very well by Stephen King of WPP Group, London.

> A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless. (Tybout & Carpenter, n.d., p. 78; Aaker, 1991, p.1)

A brand is so much more powerful than a product because of the network of thoughts and associations in the consumer's mind related to the brand, which can be of

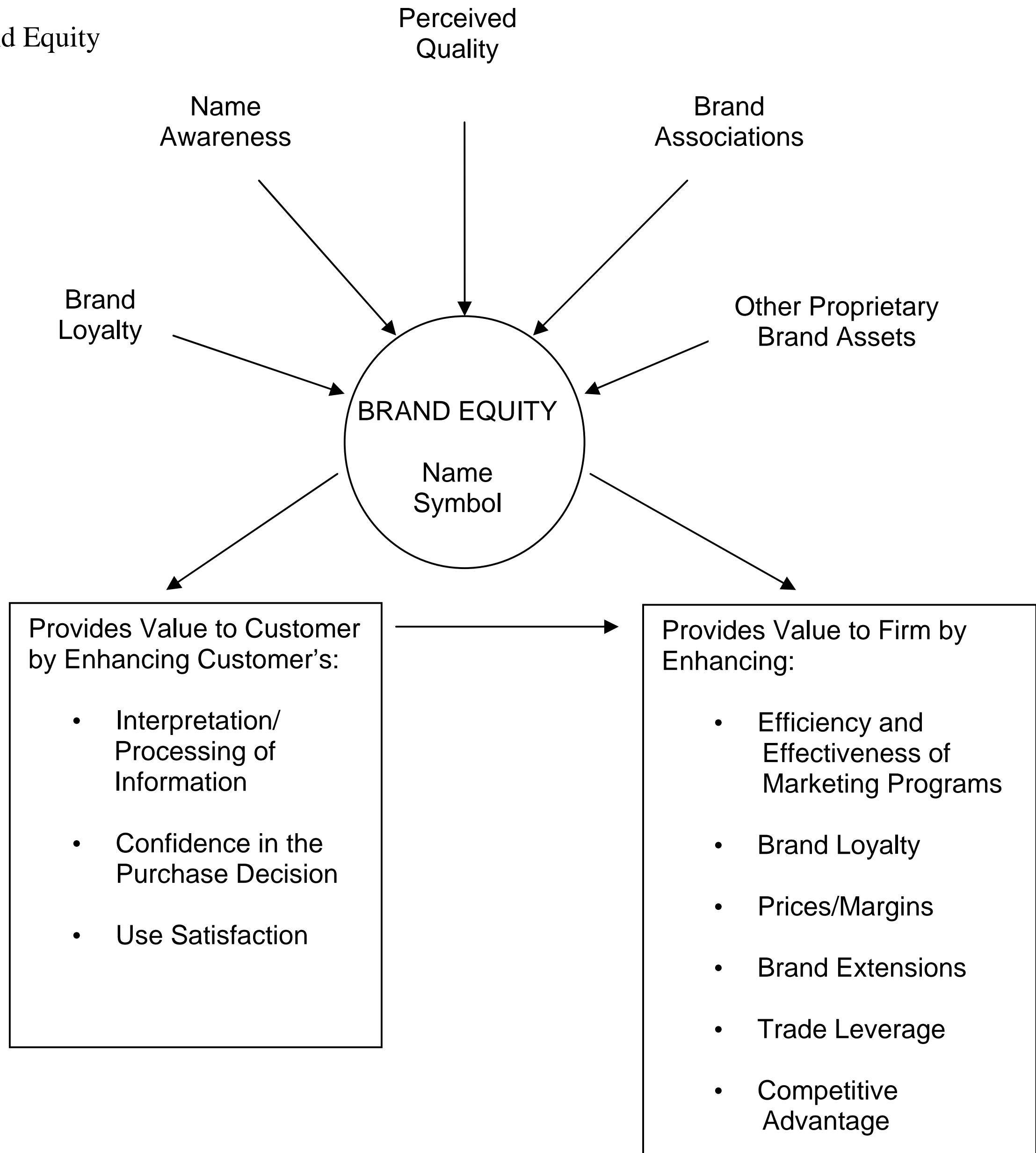
remarkable value to the buyers. (Tybout & Carpenter, n.d.) This value that brands deliver to buyers has developed as markets have become more competitive and the product quality more consistent. In order for the brand to have value for the buyer, the associations must become part of the buyer's life, and although brand equity is created through the different elements of the marketing mix, the value must ultimately exist in the mind of the buyer. (Tybout & Carpenter, n.d.)

Brand equity can be defined as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customer." (Aaker, 1991, p. 15) The effects of brand equity can be seen in the customer's response, for example, showing a certain preference for one product over another that are basically identical or being willing to pay more for one particular brand. (Kotler, 2003, p. 422)

The assets and liabilities that underlie brand equity must be linked to the name and/or symbol of the brand, and although they differ from context to context, it is very helpful to categorise them. Aaker (1991, p. 17) classifies them into brand loyalty, name awareness, perceived quality, brand associations and other proprietary assets. He also illustrates the concept of brand equity in the figure shown below.

Figure 3.1

Brand Equity



(Aaker, 1991 p. 17)

Kotler (2003, p. 423) illustrates the following competitive advantages that high brand equity delivers:

- The company will have more trade leverage in bargaining with distributors and retailers because customers expect them to carry the brand.
- The company can charge a higher price than its competitors because the brand has higher perceived quality.
- The company can more easily launch extensions because the brand name carries high credibility.
- The brand offers the company some defence against price competition.

In order to understand the whole concept of brand equity better, each of the categories established by Aaker will be illustrated more thoroughly.

3.3.1.1. Brand Loyalty

Since 2001, brand loyalty has risen in spite of the continuous entry of new products hitting the market. This phenomenon can be accredited to the consumer becoming more aware of the advantages of well-known brands, like the benefit of saving time searching for products. Yet there is a difference in brand loyalty between age groups. While 65 percent of over 65-year olds stay loyal to their brand, only 47percent of the 20 to 24 year olds do the same thing. (Catlin, 2004, p. 42)

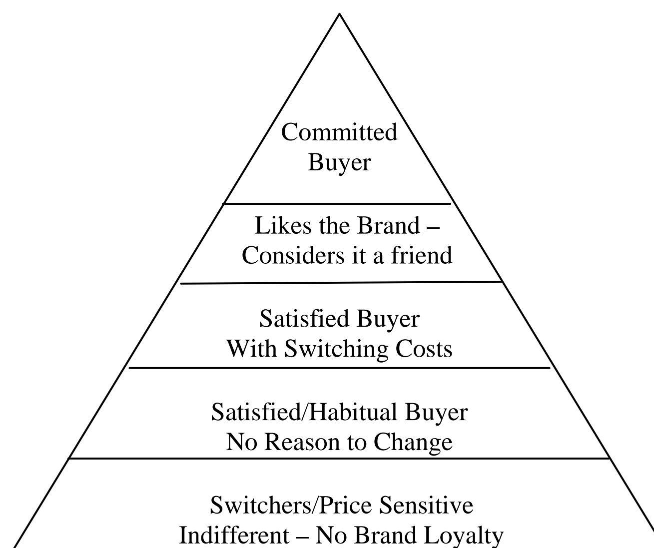
Brand loyalty is closely connected to brand equity because all the more loyal the consumers are to the brand, the higher the value of the brand can be estimated. Since brand loyalty can be considered the core of a brand's equity, extra emphasis is to be put on this point. Brand loyalty can qualitatively be distinguished from the other dimensions of brand

equity because it is attached closer to the experience factor. Although purchase and use experience are basic factors in brand loyalty, the loyalty of a customer is also influenced by the other dimensions of brand equity. (Aaker, 1991, pp. 40-41) The marketplace consists of brands with a different amount of power and value, depending on the customer attitude towards the brand.

Aaker categorises the loyalty of the consumer in five different levels, which are illustrated in the following pyramid:

Figure 3.2

Consumer Loyalty



(Aaker, 1991, p. 40)

Different methods of measuring brand loyalty exist that are either based upon the actual purchasing behaviour of the consumer or upon the loyalty constructs of switching costs, satisfaction, liking, and commitment. (Aaker, 1991, p. 43)

If brand loyalty is properly managed, it represents a strategic asset for the company and can be used in several ways to provide a certain value for the company. Aaker states that

the most important effects of brand loyalty are: reduced marketing costs, trade leverage, the attracting of new customers through created brand awareness and reassurance to new customers, as well as the gained time to respond to threats by the competition. (Aaker, 1991, pp. 46-47)

3.3.1.2. Name Awareness

Aaker (1991, p. 61) defines brand or name awareness as "the ability of a potential buyer to recognise or recall that a brand is a member of a certain product category." Therefore it is important that a link between product class and brand is implicated because the scope of brand awareness is very wide, ranging from an unsure sensation that the brand name is recognised, to a conviction that it is the only one in the product class. Brand awareness enhances the brand equity in various ways.

One aspect of how brand awareness contributes to the value of the brand name is through building an anchor to which other associations can be attached. In order to communicate certain values, the brand name first has to be established and recognised. If not, it does not make sense to attach associations and feeling to the brand name if the consumer does not even identify it. (Aaker, 1991)

Another factor that influences the value of the brand is that name recognition provides the brand with a sense of familiarity. Since the human personality is constructed in a way that it feels comfortable with familiar things, this factor can sometimes even be the driving power when it comes to the buying decision of low involvement products. (Aaker, 1991)

Consumers can also be influenced in their purchase decision by the fact that name awareness can signify presence, commitment, and substance. Customers might relate to brand recognition that the company has advertised extensively, that has been in the business for a long time, that the firm is widely distributed and/or that the brand is successful because others use it. (Aaker, 1991)

Brand awareness also gains importance because the first step of a buying process is often to select a group of brands that will be considered for the purchase. In order to get into this small group of the chosen brands, it is important the brand name be recognised and related to its product category. (Aaker, 1991)

Although awareness is a key brand asset, it cannot create sales by itself, especially when talking about a new product. Yet when a brand becomes very well established with a high level of recognition based on a lot of exposure and usage experiences, it is interesting to watch how the recognition tends to stay high over a long period of time, even if advertising expenditures might be dropped. (Aaker, 1991)

A company can obtain brand awareness through being different and memorable, by involving slogans or jingles, through symbol exposure, publicity and event sponsorship, and by using signals and considering brand extensions. (Aaker, 1991)

3.3.1.3. Perceived Quality

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. (O' Reilly, 1990, as cited in Aaker, 1991) Aaker (1991, p. 85) adds that perceived quality differs from objective quality, product-based quality and manufacturing

quality in so far as it is primarily a perception by the consumer. Perceived quality cannot be objectively determined because it depends on what is important to the consumers.

Perceived quality is defined relative to an anticipated purpose and a set of alternatives. It cannot be matched with satisfaction of the consumer because a customer can be satisfied because of low expectations but still not perceive the quality as very high. Perceived quality is more like a general emotion about the brand and not something that is tangible, although it is commonly based on characteristics of the product, like reliability and performance. (Aaker, 1991, p. 86)

There are various ways in how perceived quality influences the value of a product and brand. Since consumers will often lack the motivation to acquire information that would lead to an objective determination of quality, they often base their purchasing decision on how they perceive the quality of a product or brand name. Given that customers will often base their buying decisions on perceived quality, it can make all parts of the marketing program more effective. Perceived quality can also help to differentiate the product or brand name from the competition, as well as helping to position the brand. (Aaker, 1991, p. 87)

If a brand is perceived to be of higher quality, this can open the possibility to charge a premium price for the product. This premium can augment profits and/or offer capital that can be reinvested in the brand. Perceived quality can also influence members of the distribution channels by increasing distribution because channel members want to carry brands that the consumer wants and perceives of high quality. (Aaker, 1991, p. 88)

Brand extensions are another way of taking advantage of a high perceived quality. The brand name can be used to expand to other product categories and a brand that is

perceived to be of high quality can extend further than a brand perceived of lower quality, although the objective quality of both might be the same. (Aaker, 1991, p. 88)

3.3.1.4. Brand Associations

Brand associations are anything that the consumer connects in his memory to the brand. Some associations are stronger while others are weaker. The strength of the connection to a brand depends on how many experiences or exposures to communication the consumer has with the brand; the greater the amount of experiences and exposures, the stronger the link. If an association is supported by a network of other associations, it will also be more strongly attached to the memory of the consumer. (Aaker, 1991, p. 109)

Aaker (1991, pp. 109-110) defines the image of a brand as a set of associations that are commonly organised in a meaningful way. The brand image, as well as the associations connected to the brand, corresponds to the perception of the consumer which might or might not reflect an objective reality. Associations and image are closely connected to positioning, only positioning indicates a frame of reference, which is usually the competition. Therefore, the focus lies on an association or image that is defined in the framework of an attribute and a competitor. A brand that is strategically well-positioned has an attractive competitive position maintained by a strong set of associations.

The value of a brand name completely depends upon the associations that the consumer connects to the brand name and what the brand means to him. The links that the customer connects to the brand are the bases for buying decisions and loyalty to the brand. There is a wide variety of possible associations and various ways of how those links can provide value for the brand. Brand associations can help to process and/or retrieve

information, they can be the foundation to differentiate the brand from its competitors, generate a reason to buy the brand, create positive attitudes and feelings, and provide a solid base for brand extensions. (Aaker, 1991, p. 111)

Although there is an indefinite number of associations a brand can be linked to, any manager will primarily be interested in those that directly or indirectly affect purchasing behaviour. For them, it is also important to consider how strong the associations are and how many of the consumers share them. (Aaker, 1991, p. 113)

Even though product attributes and customer benefits are a significant category of associations, there are other factors that can also be very important in other circumstances. Some brands obtain their competitive advantage from the fact that their products are associated to express certain lifestyles, social positions, and professional roles, while other brands gain advantage by being connected to associations that engage products' applications, to types of people that use the product, to stores that carry the product, or to salespeople who handle it. Although the name, symbol, and slogan are usually just indicators of the brand, they can also be important relations as well. (Aaker, 1991, p. 114)

Aaker (1991, p. 114) divides the connecting associations in the following groups:

- Product attributes
- Intangibles
- Customer benefits
- Relative price
- Use/application
- User/customer
- Celebrity/person

- Life-style/personality
- Product class
- Competitors
- Country/geographic area

3.3.1.5. Other Proprietary Brand Assets

This category characterises other proprietary brand assets such as patents, trademarks, and channel relationships. Brand assets have the biggest value for the company when they can avoid the competition undermining their customer base and/or loyalty. A trademark is an example for such an asset that helps to protect the equity of a brand from competitors that could have the intention of confusing consumers by using a similar name, symbol and/or package. (Aaker, 1991, p. 21)

Since a patent that is significant to consumer choice can avoid direct competition, it is an extremely valuable brand asset that helps to protect the equity of the brand. If a brand performs well over a certain period of time, it gains influence and control over distribution channels, which can be an important benefit for the brand. In order for assets to be significant, they must be tied to the brand. It is important to point out that if the equity of a brand is based on distribution, it has to be based on the brand name and not on the firm, because the firm could not easily access the shelf space by substituting one brand with another. (Aaker, 1991, p. 21)

3.3.2. Brand Extensions

After the basic constituents of brand equity have been illustrated, the next section is going to expand on the significance of brand extensions. The opportunities as well as the risks of brand extensions are to be demonstrated and in which way brand extension can contribute to the value of a brand.

Brand extension or brand leveraging is when a company uses an existing brand name to enter a new product category. Since brand extensions make use of existing customer awareness and goodwill, they often offer a smart alternative to a firm. In order to clearly distinguish brand extensions from line extension and flanker brands, it is useful to give a quick overview about the possibilities a company has when bringing a new product onto the market. (Dalrymple & Parsons, 2000, p. 136; Kotler, 2003, p. 432)

One of the options a firm has is to launch a line extension, which means using an existing brand name and staying in the same product category. A second choice is to bring a product onto the market in the same product category but with a new brand name, which is called a flanker brand. Thirdly, the company can use the existing brand name and enter a new product category which signifies a brand extension or it can plainly launch a new product in a new product category and with a new brand name. (Dalrymple & Parsons, 2000, pp. 136-138) Another option is to combine two more well-known brand names, which is called co-branding. (Kotler, 2003)

During the past two decades, the extension of brands has been at the core of strategic growth for various companies. Since the introduction and establishment of a new brand name is connected with tremendous costs, the alternative of extending an already

existing brand becomes very attractive. A lot of brand names have recognition levels of more than 95 percent; therefore, the use of a recognised brand name for a new product launch reduces the communication task because the consumer does not have to recognise a new brand name but just connect the new brand name with a new product class. (Aaker, 1990)

Not only can brand extensions reduce advertising costs, they can also help to decrease the introduction risk of a new product since people already connect certain associations with the brand name that can have a positive influence on the extension. The ideal situation is that the established brand name does not only have a positive effect on the new product but that the brand extension enhances the core associations of the original brand by developing name recognition and associations among a new group of consumers. (Aaker, 1990)

However, it has to be considered that a misconceived brand extension can also damage the brand equity and prevent the establishment of a new brand that could have its own unique associations and an enormous growth potential. It is very important that the extension fits the brand, which can be ensured by associations that are common to both the brand and the extension. In order for the fit to work, it is important that there be no inconsistencies that could irritate the consumer and/or cause ridicule. (Aaker, 1990)

The possible negative effects that a brand extension could have on the original brand have to be taken seriously, especially because brands that are to be extended into other product categories are usually well established and profitable. The argument that brand extensions can weaken the overall core brand image is based on the fact that a

company, which is known to produce many different products in very diverse product categories, can be easily out-competed by specialists. (Sharp, 2003)

In order to determine a successful brand extension, it has to be assumed that a brand is a collection of association that consist of attributes, benefits, and attitudes, which have become linked to the brand name through marketing communications, personal interactions, and direct and indirect experience with the brand. Brands with positive, strong, and inimitable associations can be better distinguished from competitive brands and can also be more easily extended into other product categories. (Keller, 1993; Meyvis, & Janiszewski, 2004)

Davis and Halligan (2001) illustrate how growing the value of a brand includes a lot more than just extending that brand by adding products and services or through maximising delivery channels. In order for a brand extension to be successful, the underlying associations of the brand have to be created, maintained and expanded because those associations imply a promise to the consumer from the organisation as a whole. They also state that a brand is not worth anything if it does not have an impact on the customer’s experience with the company or organisation. Given that branding drives almost two thirds of all consumer purchases, it is natural that it impacts almost all functional areas within the company. Consequently, it is very important to establish and maintain customer relationships. Companies that understand the value of brands will consider customer relationships closely in their strategic decision making, because they understand that a brand is much more than a marketing icon. It is, in fact, a true asset of the company, which is often measured in dollar value.

Davis and Halligan (2001) also believe that it is crucial for a company to extend the equity of their brands in order to achieve full growth and outpace competitors. If marketers manage to link brand extensions back to the customer relationship and how the relationship has been used as a basis for brand positioning, the extensions are even more dominant. When a brand is extended, it either extends the target market of the company, or it can also extend the business definition or the point of difference, or extends the entire position of the brand.

Sharp (1993) illustrates how important it is that the extensions of a brand share the features of the original brand, which were an important factor in the differentiation of the competitors and lead to competitive advantage of the original brand, in order to be able to use and manage the marketing strategy of brand extensions wisely. Sustaining brand equity deals with maintaining the bond with the customer, and proper usage of brand extension appears to be about regarding the important factors that built the brand in the first place. Therefore, one has to ensure that any extension of a brand is a quality product release that will be held up well by the marketing effort.

3.3.3. Brand Portfolio Strategy

After examining the role and effects of brand extensions, the next section provides an overview on brand portfolio strategy, which deals with managing the brand portfolio of a company as a whole while trying to achieve and optimise synergies between the individual brands.

Brand portfolio strategies generally help to find an efficient frontier for the brand position, which signifies the boundary where brand managers can capitalise on their returns

for any level of portfolio risk. The brand portfolio is not limited to the brands owned by the company; on the contrary, it consists of every brand that affects the consumers' decision to purchase. (Rajagopal & Sanchez, 2004)

Brand portfolio strategy comprises six different dimensions: the brand portfolio itself, product-defining roles and portfolio roles, the brand scope, the portfolio structure and portfolio graphics. Each of these dimensions are to be explained in the following section.

The brand portfolio incorporates all of the organisation's brands, counting master brands, endorsers, sub-brands, branded differentiators, co-brands, branded energisers, and corporate brands. A corporate brand is a brand that stands for the heritage, values, culture, people and strategy of the organisation. Portfolio brands also comprise brands outside of the organisation that are linked to internal brands, for instance branded sponsorships, symbols, celebrity endorsers, and countries or regions. (Aaker, 2004, p. 16)

3.3.3.1. Product-Defining Roles

Each offering that is proposed to the customer needs to be identified by a brand or a set of brands. A brand, which is set with product-defining roles, mirrors the customer's external view and perception of the brand. Each brand has to be classified either as a master brand, endorser brand, sub-brand, descriptor, product brand, umbrella brand, branded differentiation, or brand alliance. (Aaker, 2004, p. 18)

A master brand is the point of reference and main indicator of the offering, while an endorser brand mainly provides the basis to endow the offering with credibility and substance. A sub-brand enhances or changes the associations of a master brand in an explicit market-oriented context. Its task is to generate a brand with a significant difference

from the master brand, for instance by adding attribute dimensions or personality elements. Descriptors illustrate the offering in practical terms, and even though they are not actually brands, they still play a crucial role in whichever portfolio strategy. (Aaker, 2004, p. 18)

A product brand describes a product offering made up of either a master brand and a sub-brand or a master brand together with a descriptor. An umbrella brand is defined as a grouping of offerings under a common brand and can be more suitable and efficient in gaining relevance, visibility, and differentiation. A driver role mirrors the degree in how far a brand drives the buying decision and defines the use experience. Commonly, master brands play the driver role but endorsers, sub-brands, and even descriptor or second-level sub-brands may also play driver roles that can differ in intensity. (Aaker, 2004, pp. 18-19)

A brand or sub-brand, which describes a feature, ingredient, service, or program, is called a branded differentiator. Through establishing a point of differentiation for a master brand, the branded offering will appear superior or increases the offering through providing more functions and benefits. Brand alliances include brands from different companies, which are united to employ effective strategic or tactical brand building programs or to create co-branded market offerings. When brands from different organisations come together to create an offering, in which brands from each play a driver role, this is called co-branding. An offering like this can combine two sources of brand equity, thus increasing the value proposition and point of differentiation. Besides increasing the co-branded offering, the associations of both brands can also be increased, and can give a company the opportunity to react quickly and strategically to a dynamic market. (Aaker, 2004, pp. 20-21)

3.3.3.2. Brand Scope

Each brand has a scope dimension, which mirrors the degree to which the brand spans product categories, subcategories, and markets. Even though all portfolio brands must manage scope, master brands need to make the most crucial scope decisions. A few master brands are very persistent, a lot of times because they are closely connected to a product category. Therefore, expanding the brand would mean diluting it. Yet, there are also master brands, which include a large diversity of product and market settings and others that have a broad umbrella under a single product category. (Aaker, 2004, pp. 21-22)

Although one goal of a brand portfolio is to leverage brand assets through extending strong brands, a company has to be careful because stretching the brand too far can cause it to lose differentiation and relevance, or even worse, create associations that can weaken or even damage the brand. The scope of a master brand can be expanded by utilising sub-brands and co-brands. Given that an endorser brand is asked to do less and risks less, the brand can range even more as an endorser. (Aaker, 2004, p. 22)

3.3.3.3. Portfolio Roles

Portfolio roles reveal an inner, managerial viewpoint on the brand portfolio. When a brand portfolio is managed as a whole, each brand cannot be treated separately without the context of the other brands. Portfolio roles partly have the objective to create more optimal allocation of brand-building and brand management resources. Portfolio roles consist of a strategic brand, a branded energiser, a silver bullet brand, a flanker brand, and a cash cow brand, which are not mutually exclusive and can also change by market situation. (Aaker, 2004, p. 23)

A strategic brand has a high strategic importance to the organisation, which needs to succeed and consequently should strive to obtain any necessary resources. To identify a strategic brand is an enormous stride toward making sure that brand-building resources are allocated to the business areas of the company that are of highest strategic significance. Therefore, the classification of a strategic brand should always be guided by the business strategy. (Aaker, 2004, pp. 23-25)

A branded energiser is defined by Aaker (2004, p. 25) as “any branded product, promotion, sponsorship, symbol, program, or other entity that by association significantly enhances and energises a target brand.” Those associations of the branded energiser with the target brand have to be controlled dynamically over a complete period of time.

Of all the portfolio roles, the silver bullet brands are the most important, since they can be strategically helpful to transform or sustain the image of another brand positively. Specifying a silver bullet role can provoke various, quite essential changes in how a brand should be funded and managed. (Aaker, 2004, p. 26)

In the case that a brand is attacked by an opponent with a value offer or unique position, any reply may put its image and brand equity at risk. To resolve this problem a flanker brand can be used to fight the competition, thus, insulating the original brand from the battle. The flanker brand is supposed to undercut the competitor brand in its positioning without compelling the main brand to modify its centre of attention. (Aaker, 2004, p. 26)

Cash cow brands do not need as much investment as other portfolio brands because, although the sales may be stagnant or slowly declining, they have a base of extremely loyal customers that will not likely put down the brand. A cash cow brand has the objective of

creating scope resources that are to be invested in strategic, silver bullet, or flanker brands, which will be the basis for future growth and vitality of the brand portfolio.

3.3.3.4. Portfolio Structure, Graphics and Objectives

The best way to understand and analyse the brand portfolio structure is to present its logic clearly and concisely. Thereby, a variety of approaches can be helpful, such as brand groupings, brand hierarchical trees, and brand network models, whereby the solution is to use or adapt the one that fits the best. (Aaker, 2004, p. 27)

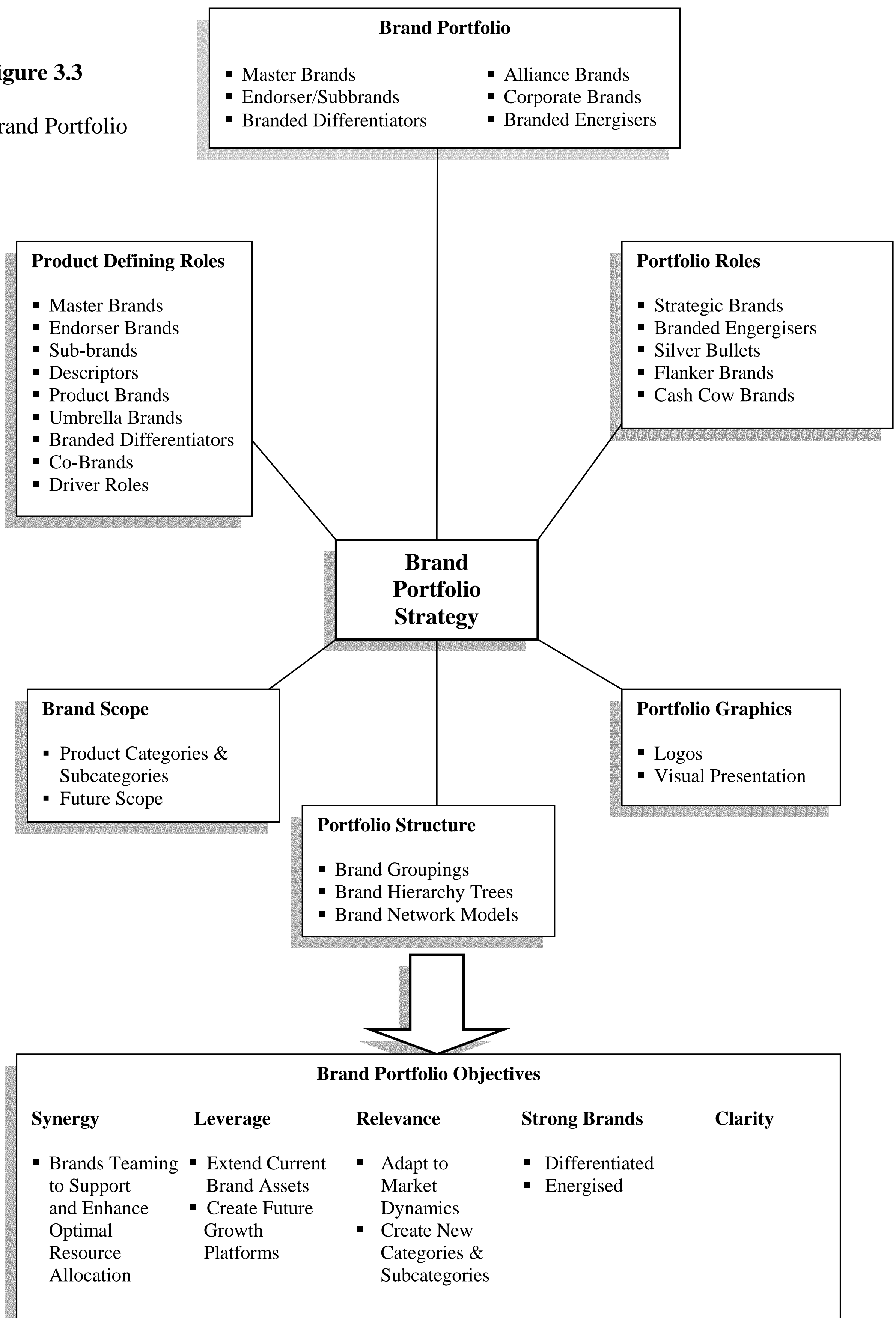
Portfolio graphics can be defined as patterns of brand visual presentations across brands and brand contexts. A lot of times, the logo is the most visible and central brand graphic, but portfolio graphics also include visual representations such as packaging, symbols, product design, the layout of print advertisements, and taglines. Some objectives of portfolio graphics are to indicate the relative driver role of sets of brands, to signal the separation of two brands or contexts, and to visually represent the brand portfolio arrangement (Aaker, 2004, pp. 32-33).

The objectives of the portfolio are qualitatively distinct from the objectives of individual brand characters and positions. Establishing a successful and influential brand is still a major objective, but others are also crucial in order in obtaining brand leadership. The goals of the brand portfolio are to promote synergy, influence brand assets, generate and preserve market relevance, build and sustain differentiated and energised brand, and to attain clarity. (Aaker, 2004, p. 33)

The following figure summarises the important factors and aspect of a brand portfolio and how they are related with each other:

Figure 3.3

Brand Portfolio



(Aaker, 2004, p. 17)

3.3.4. Brand Architecture

After taking a look at the basic factors of brand portfolio strategy, this section deals with brand architecture, which is closely related to brand portfolio strategy. Brand architecture can be defined “as the way in which companies organise, manage and go to market with their brands” (Petromilli, Morrison & Million, 2002, p. 22); or as “an integrated process of brand building through establishing brand relationships among branding options in the competitive environment” (Rajagopal & Sanchez, 2004, p. 233).

Due to the fact that there were a lot of mergers and acquisitions during the last century and the entrance of an enormous amount of new products into the market, a lot of companies nowadays find themselves with a collection of products, brands and businesses that at times overlap so much that they are fighting each other for customers and corporate resources. Presently, consumers have less money to spend and are analysing every purchase they make, hence considering the brand portfolio becomes a lot more crucial. Branding is discussed more and more during strategic planning sessions among senior level managers because a well-managed brand can have a significant impact on the bottom line. Instead of acquiring, launching or extending the brand, today’s spotlight lies more on trying to get the most from existing brands through better organising and managing brands and relationship between brands within the portfolio. (Petromilli et al., 2002, p. 22)

It is important to remember that the consumer experience brands more interdependently than independently. Furthermore, the consumers’ views of brands change over time. Customers build their relationship with brands through direct and indirect experience and then form perceptions of a brand based on their experience with and in relation to other brands. The greatest chance to enhance the value of individual brands and

of the overall portfolio arises from direct and indirect links or synergies between brands, experienced in a similar context, although they might be targeted to different customers and needs. In order to obtain this increased value, the brand architecture has to be based on the developing set of relationships between the portfolio's brands. (Petromilli et al., 2002, p. 22; Petromilli & Morrison, 2002, p. 17)

Petromilli and Morrison (2002, p. 17) illustrate how important it is to base brand architecture on customer brand experience. In order for brand architecture to be effective, the following key elements are required:

- Viewing brand architecture not as hierarchical and static, but as dynamic and evolving
- Identifying and understanding the customer-based inter-relationships of various brands within the portfolio
- Fundamentally shifting the role and objectives of brand management away from individual brands and toward the collective value of the portfolio

In order to take advantage of synergistic opportunities, first the equity and relevance of each brand in the portfolio has to be understood, including attributes, associations, and affinity that consumers assign to them. (Petromilli & Morrison, 2002)

The brand relationship spectrum, the branded house and the house of brands strategy are three of the most common types of brand architecture. The brand relationship spectrum tries to help brand architecture strategists to make use of sub-brands and endorsed brands, because the classifications of brands play significant roles in the method of brand architecture by establishing consistency and efficacy, by permitting brands to extend across the products and markets, by inspiring the buying decisions by brand drivers, and by

targeting market niches and benefit positioning. Sub-brands and endorsed brands can be significant in so far as they permit brands to extend across products and markets, deal with mismatched brand strategy needs, preserve brand-building capital, partly through leveraging existing brand equity, look after brands from being weakened by over-stretching and indicate that an offering is new and different. (Rajagopal & Sanchez, 2004, p. 237)

The branded house architecture makes use of a single master brand to span a series of offerings that operate only with descriptive sub-brand names. In contrast, the house of brands strategy involves an independent set of stand-alone brands, each operating independently in order to maximise its market share and financial return. This approach is used because it is believed that the sum performance of the range of independent brands will be greater than if they were managed under the banner of a single master brand. However, it evidently places brands on functional benefits to dominate niche segments. Targeting niche markets with functional benefit position is the major motive for using a house of brands strategy. (Rajagopal & Sanchez, 2004, p. 237; Petromilli et al., 2002, p. 23)

3.3.4.1. Relationship Mapping

Brand relationship mapping is a crucial first step in the process of identifying potential opportunities in order to enhance the overall value of the brand portfolio. Relationship mapping defines:

1. the relevance and integrity of brands, from the customer viewpoint, across different need states and product/service sets
2. perceived boundaries and extendibility of brands that might inhibit the brand and therefore the growth of the business

3. areas of inter-relationship and common characteristics between the brands that can be combined or divested
4. breaches within the portfolio and the relative size of potential opportunities

Following this procedure, areas and means for creating brand value will be identified, either through leveraging existing brands, through consolidating brands, or through obtaining and developing new ones. (Petromilli & Morrison, 2002, p. 18; Petromilli et al., 2002, p. 24)

The second step in relationship mapping is to decide if and how to pursue the identified opportunities. As a result, three decisive factors that are different but related with each other have to be considered. The first criterion is the perceptual license, which is the perceived or potential credibility of the brand. Secondly, the organisational capabilities define whether or not the organisation at present has or can expand competencies in that area. Thirdly, market opportunities have to be considered, which define whether the size and current or potential growth of the market is important enough to value development and investment. (Petromilli & Morrison, 2002, p. 18; Petromilli et al., 2002, p. 24)

The most apparent and potentially easiest value creation occurs when an opportunity fits all three parameters, perceptual license, organisational capabilities, and market opportunity, which is called a “sweet spot”. With traditional brand architecture and management, those are the opportunities that are most likely recognised and followed. Yet sometimes when an opportunity does not meet all three criteria, an integrated corporate branding strategy might be required that may actually bring the greatest, long-term value for the brand and the brand portfolio as a whole. Those opportunities are often overlooked under traditional brand architecture and management approaches, which focus more on individual brands and therefore proposals that are designed to increase the whole brand

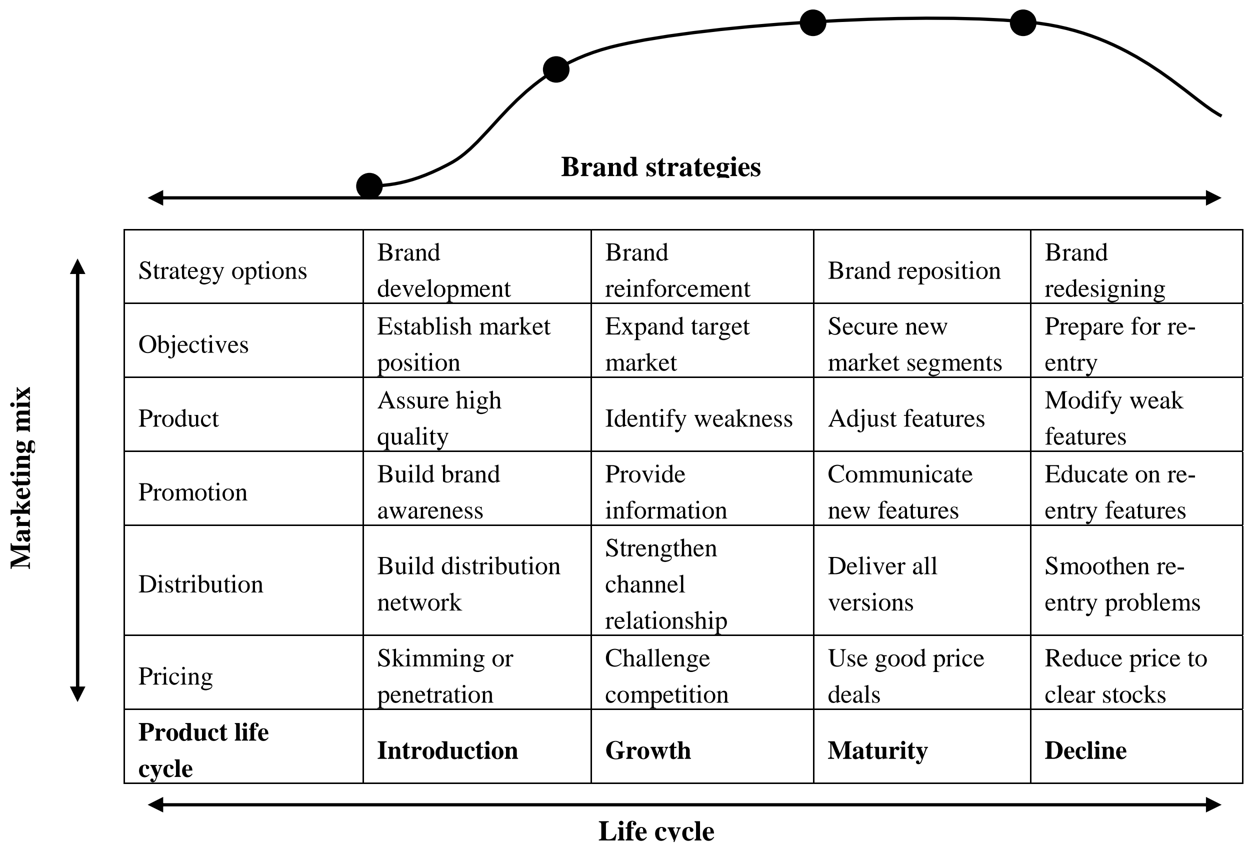
portfolio are too often not appreciated. (Petromilli & Morrison, 2002, p. 18; Petromilli et al., 2002, p. 24)

3.3.4.2. The Product Life Cycle Approach

Branding strategies are also developed according to the life cycle of the products and services, and usually companies consider different branding strategies at the different levels of the product life cycle, introduction, growth, maturity and decline. As can be seen in the figure, in the introductory stage, the goal is to establish and position the brand on the basis of quality, price, application, and consumer preference. In order to build awareness and create a pull effect with distribution channels and consumers, more money has to be invested in promotion at this stage of the life cycle. To be able to establish the product in the distribution network at the skimming price, successful brand building is required. (Rajagopal & Sanchez, 2004, p. 243)

Figure 3.4

The Product Life Cycle Approach



Strategy options	Brand development	Brand reinforcement	Brand reposition	Brand redesigning
Objectives	Establish market position	Expand target market	Secure new market segments	Prepare for re-entry
Product	Assure high quality	Identify weakness	Adjust features	Modify weak features
Promotion	Build brand awareness	Provide information	Communicate new features	Educate on re-entry features
Distribution	Build distribution network	Strengthen channel relationship	Deliver all versions	Smoothen re-entry problems
Pricing	Skimming or penetration	Challenge competition	Use good price deals	Reduce price to clear stocks
Product life cycle	**Introduction**	**Growth**	**Maturity**	**Decline**

(Rajagopal & Sanchez, 2004, p. 244)

In the figure, it can be seen that the second stage of the product life cycle emphasises growth of the product in the given market environment. In this stage, the brand should be reinforced with a focus on expanding the consumer segment. Thereby, the flaws of the product from the point of view of the consumers' and distributors' perception need to be identified. Strategies, which should be built in this stage to provide complete information on products and services, reinforce the channel relationship and competitive pricing. (Rajagopal & Sanchez, 2004, p. 244)

Throughout the next stage of the product life cycle, the so-called maturity stage, the product must be repositioned in order to secure new market segments. Product features have to be adjusted, communication has to be enhanced, wide-ranging distribution has to be provided, and good price deals have to be offered to the distribution channels. During the declining stage of the product, the brand must be redesigned with the objective to prepare the product to re-enter the market. Since the product might have to be re-launched, the value added features of the product need to be improved. At the same time, the awareness of the consumers needs to be increased. It might be necessary to reorient the distributors of the product towards the competitive advantages, and it is also important to clear out the stock of the old product before the new version of the product is introduced to the market. (Rajagopal & Sanchez, 2004, p. 244)

This section of portfolio strategy, brand architecture and especially the product life cycle approach is very significant to the investigation of this paper in so far that it is important to define which role Puma Fragrances plays in the portfolio of the umbrella brand Puma. It also shows at which point of the life cycle the brand is, in order to apply the correct marketing measures.

3.3.5. Functions of a Brand

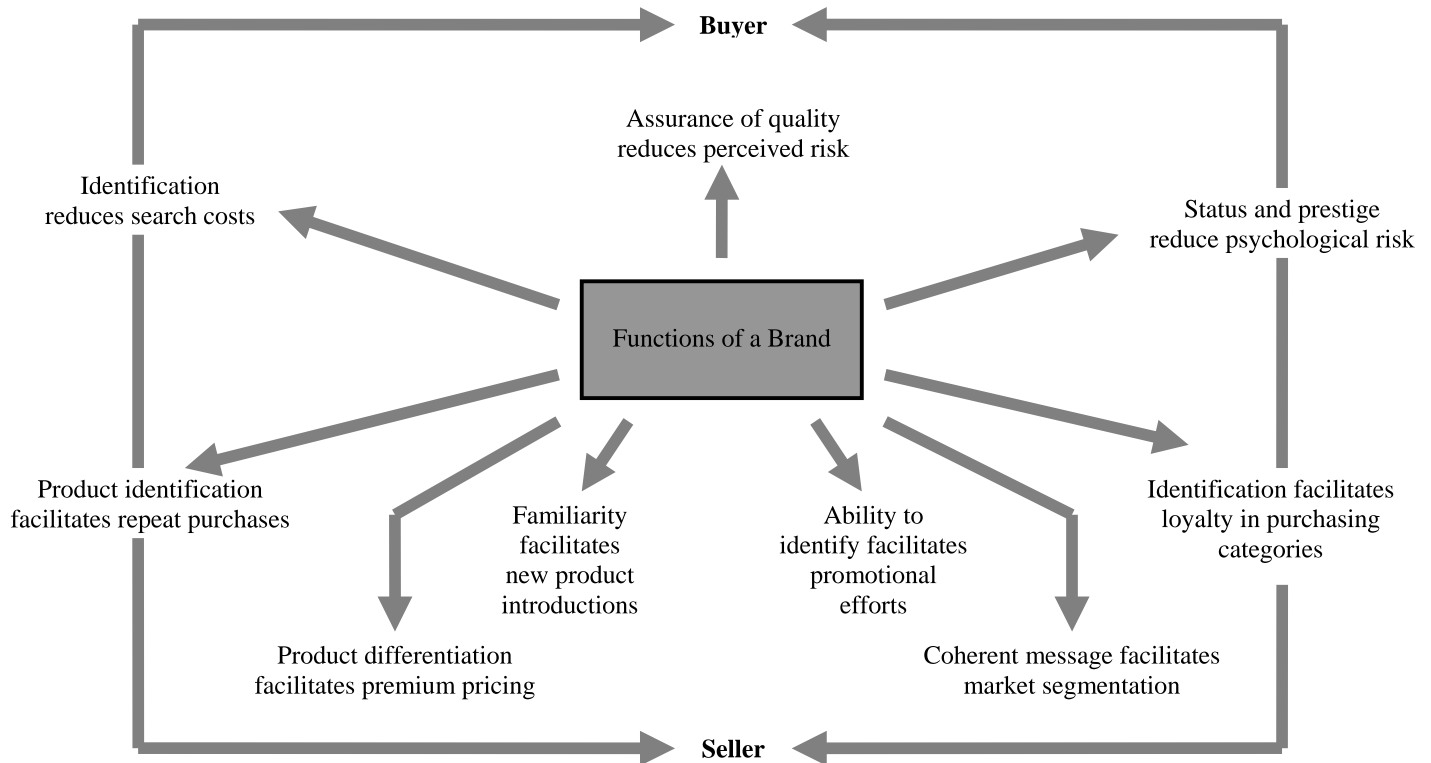
After discussing different concepts on brand portfolio management and brand architecture, the next part of the paper will present the functions a brand has and elaborate on the different types of brands that exist. Illustration is important in order to comprehend what effects brands have on the company and the customer, as well as to be aware of how different brand types have to be managed distinctively.

There are various functions brands carry for the buyer as well as for the seller. Buyers' brands can help to identify products and thus simplify their product decision by reducing search costs and assuring a certain level of quality. Consequently, the buyer perceives a lower risk in buying the product. (Dalrymple & Parsons, 2000)

Another benefit of brands to buyers is that they can obtain psychological rewards by purchasing brands, which indicate status and prestige, thus reducing their psychological risk related to buying a wrong product. (Dalrymple & Parsons, 2000) Sellers can profit from brands in so far that brands help firms to promote repeat purchases and launch new products. They simplify promotional work and promote brand loyalty across product categories. By creating a vital level of differentiation, brands facilitate premium pricing and make it possible for the seller to consistently communicate to a target group. (Dalrymple & Parsons, 2000)

Figure 3.5

Functions of Brands



(Berthon, et al., 1999, p. 54)

3.3.6. Brand Types

When it comes to brand management and functions of brands, we have to consider that there are different brand types that are important to differentiate in order to know how to deal with the different brands. When deciding on a concept of a new product, brand or brand extension, it is very important that the company defines beforehand if the concept will be functional, symbolic or experiential. This definition helps the company to be able to manage the concept consequently in one direction. Of course, it is very common that a

brand concept is a mixture out of those three functions, but it can be hard to manage such a generic concept.

In the following section, the three different brand types are going to be introduced in order to be able to take a closer look afterwards at a framework called “Brand Concept Management” (BCM), developed by Park, Jaworski and MacInnis (1996) that is based on the idea of functional, symbolic and experiential brand concepts.

3.3.6.1. Functional Brands

Functional brands are usually bought by the consumer to fulfil a certain functional need. To be successful, they have to be tied closely to specific product categories in the mind of the buyer. Often they share many associations with other brands in the same product category. To differentiate themselves from other brands, functional brands either offer superior performance or provide superior economy. In order for functional brands to be successful, it is important to either focus on the product and superior performance or the place and price elements of the marketing mix for superior economy. So as to be successful in the marketplace and to achieve a strong position, functional brands must either try to provide the best functionality or the lowest cost or both. Yet, it is becoming ever more difficult to sustain a point of difference and therefore maintain the competitive advantage because it has become much easier for competitors to imitate the product performance or the economic advantage rapidly that the firm has created over time. (Tybout, & Carpenter, n.d., p. 82)

There are different alternative strategies such as innovating by adding new functionality to a brand or creating a new brand that bundles the functionalities of two or

more separate product categories. Yet the challenge and problem of sustaining the competitive advantage remains the same, since any kind of new functionality or combination of functionalities can be copied by the competition. (Tybout, & Carpenter, n.d., p. 84)

Another strategy to grow a functional brand is via brand extensions in new product categories. The new category the brand is to be extended to should be closely related to the core brand, in order for the extension to be viewed as appropriate. This implies for functional brands that the extensions should take place within product categories that have similar features or relate to the same need or function. It is important to mention once more that extensions, which contradict core associations, are based on more peripheral associations of the brand. These extensions are likely to fail and can therefore become potentially damaging to the core brand. (Tybout & Carpenter, G., n.d., p. 84)

3.3.6.2. Image Brands

Image brands mainly create value by projecting a certain image, and although they may be based on an extraordinary product, they primarily distinguish themselves through offering a unique set of associations or an attractive image. Those brands can often be found in categories where products are relatively undifferentiated, where quality is difficult to evaluate or where consumption of the product is highly visible to others. In this context, image brands deliver value to the consumer by distinguishing themselves from other products through their image or in other cases serving as a kind of identification to be a member of a certain group. (Tybout & Carpenter, n.d., pp. 84-85)

Each time, it is the set of images connected to the brand that defines the uniqueness of the brand and differentiates it from the competition, creating symbols that are highly valued by the consumer. Since competition and technology have eliminated many differences between products and driven prices down, image brands are now for some companies the only way to achieve and maintain a competitive advantage. Image brands can be created by adding product features that provoke images, establishing an emotional connection with the buyer, associating a brand with a specific type of user or using clever advertising campaigns. (Tybout, & Carpenter, n.d., pp. 84-85)

Building image brands through clever advertising campaigns is actually the most common or classic way. Although brands that are only built on advertising can achieve tremendous success, they also cost a lot. This is due to the fact that in order to convey a certain image to the consumer via advertising, a lot of money has to be spent especially on new users that enter the market, who need to be educated. Since new consumers enter the market continuously, money has to be spent constantly. Yet the advertising money spent can bring back rewards, such as sustained uniqueness, a price premium and/or a larger market share. (Tybout, & Carpenter, n.d.)

In order for an image brand to succeed, it successfully has to establish an emotional connection with the consumer. Image brands address the desire of the buyer “to belong to a larger social group, to be held in esteem by others, or to define one’s self according to a particular image” (Tybout, & Carpenter, n.d., p. 88).

Building image brands usually takes a lot of time and significant resources because the images that define those brands must first be built in the mind of the consumer. If a firm is able to successfully establish and remain an attractive image for their brands, those

brands can benefit from a substantial competitive advantage. This competitive advantage is easier to sustain since it is harder to be imitated by the competitors than product features, and thus image brands signify certain insulation from the competition. When consumers buy a brand because of its image, the price also becomes of less importance in the purchasing decision. (Tybout & Carpenter, n.d., p. 89)

A growth strategy for image brand can be the launch of brand extensions. While with functional brands, those extensions should only take place in a related product category, image brands can generally be extended to almost any product that can be linked to the general image the brand stands for. (Tybout & Carpenter, n.d., p. 90)

3.3.6.3. Experiential Brands

Experiential brands only distinguish themselves from image brands in so far that image brands focus more on what the product represents and stands for, while experiential brands focus on the feeling of the consumer while interacting with the brand. Since the experience is created through an interaction of the brand and the consumer, at the point of consumption, the personality of the consumer plays an important part. Consequently, the experience of consuming the same product can be different for different consumers or for the same consumer at different times. An experiential brand does not necessarily rely on a tangible product. It can as well be a service, but the most likely the case is that "products, environments, and services are combined to create temporary, multi-sensory encounters with the brand" (Tybout, & Carpenter, n.d., p. 90).

A good example of an experiential brand is Starbucks that has been able to offer the consumer a unique experience of consistent quality. The aspect of consistency is the main

challenge for an experiential brand, since it is fairly easy to deliver a great experience to a consumer once, though to deliver this great experience to the consumer every time at the point of consumption is a true task that not every brand is able to fulfil. The range of experience around which a brand can be built is huge and can be divided in three categories: valance (positive, negative), potency (mild, intense), and activity (passive, active). (Tybout, & Carpenter, n.d., p. 92)

Usually the valance of an experience is positive but there are some exceptions, for example, going on a rollercoaster ride or watching a horror movie that might be more connected to a frightening experience. The potency of the experience depends either on how intense one single sense or how many senses are stimulated. The third dimension of the experience activity depends on if the consumer is a passive observer or actually active participating. (Tybout, & Carpenter, n.d., p. 92)

Since the competition can easily and rapidly imitate a product character, it is becoming more and more difficult to differentiate a product by its features. This has the effect that companies are starting to put more focus on a larger experience for the consumer. The two main challenges of experiential brands are to create brand experience that is consistent and to avoid satiation of the experience. (Tybout, & Carpenter, n.d.)

3.3.7. Strategic Brand Concept-Image Management

Park, Jaworski and MacInnis (1996) developed a normative framework, called Brand Concept Management (BCM) that serves to select, implement, and control a brand image over time. The framework "consists of a sequential process of selecting, introducing, elaborating, and fortifying a brand concept" (Park et al., 1996, p. 135) that varies depending

on whether the concept of the brand is functional, symbolic or experiential. The framework is based on the idea that the relationship between a brand's concept and its image must be managed throughout the life of the brand, depending in which state of the life cycle the brand is and what type of brand we are dealing with.

Park et al. (1996, p. 137) define the introductory stage of BCM as "a set of activities designed to establish a brand image/position in the marketplace during the period of market entry". It is important that the chosen image/position matches the selected brand concept and also should be inclined to a specific niche in the market. During this stage, the marketing mix has the task of communicating the image of the brand, as well as performing activities focused on removing transaction barriers; both tasks interact with each other. To understand the image of a brand makes operational tasks easier, increasing the effectiveness and efficiency that the communication task is performed with. It is more likely to achieve synergy in the marketing mix if all marketing mix elements are consistent with the communication and operational tasks and are complementary to one another. (p. 138)

The elaborating stage has the task of increasing the value of the brand's image so that the brand will be perceived as superior to that of its competitors. Since the market conditions change over time, in so far that the competitive environment may become more complex, or the consumer needs may change, it might be necessary during this stage to apply specific strategies in order to enhance the value of the brand. According to the framework of Park et al. the positioning strategies in the elaborating stage should be guided by the brand concept, and since the image at this stage is logically connected to the brand concept, the elaborated image has to be a logical expansion of the initial image. (Park et al., p. 138)

It is necessary to already think about the position strategies of the elaboration stage when the brand concept is initially selected, because it gives the company the opportunity to create its own opportunities instead of just reacting to the marketplace. Still, unexpected circumstances might force the company to reposition its brand during the elaboration stage. As in the introductory stage, the marketing mix elements should also be consistent with the operating and communication objective in order to be as effective and efficient as possible and increase the value of the brand image. (Park et al., p. 138)

In the final stage of BCM, which is called the fortification stage, the elaborated brand image should be connected to the image of other products of the company in different product classes because multiple products with similar images can reinforce one another, thus strengthening the image of each individual brand. However, the reinforcement of a brand's image in the fortification stage does not mean that the elaboration stage of the brand is finished. On the contrary, the elaboration stage of a brand should continue throughout the whole brand life cycle. (Park et al., p. 138)

One benefit of a fortification stage is that it can help to reduce communication costs for individual brands since similar images of related products naturally reinforce each other. Another positive effect is that newly launched products, which are introduced to fortify an already elaborated product, may need less time to move from the introductory stage to the elaborated stage. The positioning strategies of the new products have the task of establishing a link to the existing brand concept, which can be achieved through common identification, joint promotion, or joint distribution. (Park et al., p. 139)

Summarising, one can say that general positioning strategies have the goal of communicating a brand image that differentiates the brand from its competitors, yet a great

deal of time these strategies do not offer enough guidance in managing and maintaining a steady image over time. A brand concept, which is developed taking into consideration the internal and external environment and managed over a number of concept management stages, allows a company to work out a strategic plan for developing, maintaining, and controlling the image of a brand. Such a plan gives the firm the opportunity to build up a core personality of a brand. Marketers get the chance to build an image that is consistent with what consumers already know about the brand, they can reduce costs by creating efficiencies through maintaining and controlling the image of the brand and therefore increase the duration of the brand's life cycle. (Park et al., p. 139)

This idea of brand concept image management is very interesting for the research of this paper because the goal of this investigation is to analyse the image of Puma fashion versus Puma Fragrances, in order to manage both images in harmony with each other according to the life cycle of the brand.

3.4. Consumer Choice Behaviour

The last part of this literature review is dedicated to consumer choice behaviour, which is a very important aspect of marketing, given that one has to understand which factors consumers base their purchasing decision on, in order to be able to respond to their needs and demands. Yet, outside influences of the environment, as well as the needs and desires of the consumers, develop over time, which makes it necessary to analyse future trends in consumer behaviour, in order to adapt the marketing strategy if necessary. One interesting aspect of consumer choice behaviour is that many times the purchasing decision

is made because of a certain type of bonding to the brand or an experience the consumer relates with the brand.

It is a well-established belief that consumers do not only base their purchasing decisions on product utility, but also on their symbolic meaning. Yet not only do consumers make use of the symbolic meaning of products in order to create and sustain themselves, they also employ consumption to locate themselves in society. It is certain that customers do not just consume products, activities or beliefs only to please their desires, but also to accomplish their self-creation project. (Wattanasuwan, 2005; Elliott, 1994)

The Consumer Policy and Societal Unit (CPSU), which is part of the British Standards Institution (BSI), asked the Future Foundation to examine future macro trends, which they define as major structural changes in society that will influence the demands of the consumer over the upcoming 10 to 15 years. Looking at the evolution of consumer concerns over the last twenty years, it becomes clear that their priorities change over time, due to major structural shifts in society. It is essential to understand this volatility in consumer concerns, in order to be able to develop appropriate consumer-led strategies. (Flatters, 2004)

One of the future trends that have been discovered is the further increase in affluence for a certain part of the population. This enhancement in disposable income will have the effect that an increasing proportion of spending will go on services and leisure, boosting the experience economy. Another aspect that has been found is an increase in individualism. Fewer and fewer people feel the necessity to fulfil certain social norms and more and more people prefer to stand out of the crowd. Therefore consumers will ever

more anticipate their products and services to reflect their own personal tastes and preferences. (Flatters, 2004)

Another finding of the consumer trend research is that more and more consumers have increased expectations of what is necessary to live properly, therefore consumers will become more demanding of companies and standard bodies. During the last couple of years, consumer choice has exploded, and currently an overload of choice can be found in many markets, which increasingly complicates the relationship that consumers have with choice. As consumers are becoming more connected, due to new technology, the interactive consumer will increasingly rely and give authority to online sources of information and recommendation about products and services. It can also be observed that the level of trust in companies is declining, hence the reliance on close personal contacts as sources of advice increases. (Flatters, 2004)

Sheth, Newman and Gross (1991) identify in their theory that the behaviour of consumer's choice is basically founded in five consumption values: the functional value, the social value, the emotional value, the epistemic value, and the conditional value. In order to establish their theory they assume the following three fundamental axioms:

1. Consumer choice is a function of multiple consumption values
2. The consumption values make differential contribution in any given choice situation
3. The consumption values are independent (p. 160)

Sheth, Newman and Gross (1991, p. 160) define the functional value as "the perceived utility acquired from an alternative's capacity for functional, utilitarian, or physical performance". This value is traditionally considered to be the driving factor in

consumer decision. The social value is defined in their theory as "the perceived utility acquired from an alternative's association with one or more specific social groups" (p. 161). This value becomes especially important when the consumer choice involves highly visible products or goods and services that are associated with others.

Sheth et al. (1991) define the emotional value of an alternative as "the perceived utility acquired from an alternative's capacity to arouse feelings or affective states" (p. 161). This value is usually measured on a profile of feelings associated with the alternative.

The epistemic value of an alternative, defines Sheth et al. (1991), as "the perceived utility acquired from an alternative's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge" (p. 162)

According to Sheth et al. (1991) the conditional value is "the perceived utility acquired by an alternative as the result of the specific situation or set of circumstances facing the choice maker.

These five consumption values that Sheth et al. identified in their theory make different contributions in special alternative circumstances. It is absolutely possible that within only one product class, the brand, product type, and 'buy or not buy' decision might be driven by totally distinctive consumption values. It is important to point out that "the consumption values identified by the theory are independent, relating additively and contributing incrementally to choice" (Sheth et al., 1991, p. 163).

After presenting the theoretical background of this investigation, the next chapter will deal with the methodology of this research, showing every step of the research process, including how the primary data was collected and which methods were used.