Testing Resources

Instructor materials to accompany

Strategic Brand Management: Lessons for Winning Brands in Globalized Markets

First Edition

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TESTING RESOURCES

Brand management is often taught as a senior level undergraduate class or an MBA class. For both, instructors often employ a variety of testing formats, including mini-cases and short-answer questions. These may be used exclusively or in addition to multiple-choice questions.

Given the variety of testing formats, we provide several options for instructors using our textbook. We provide a bank of mini-cases to serve as a starting point for test construction. Mini-cases are often a preferred format for assessing application of knowledge gained from this course, but they can be time consuming to develop. We provide a number of mini-cases, with questions tailored to topics covered in the textbook. We also provide a bank of multiple-choice questions and answers, which can be combined with mini-cases to afford multiple ways of assessing student learning.

We recommend that you keep the originals of your test materials instead of disbursing them to students. This will allow you to develop your own bank of testing materials that can be utilized each time you teach the course. Good mini-cases and multiple-choice questions require time to develop and are compromised once they are disbursed to students.

I. Mini-Cases

Doritos (Brand Architecture Case)

Doritos were first introduced to the market in 1966 as a taco flavored corn chip, with Toasted Corn and Nacho Cheese added in the following years. Currently, over a dozen flavor varieties are offered.

Distribution for Doritos consists primarily of grocery stores, convenience stores, and vending machines. The strong brand name has allowed Doritos to gain prime shelf space in grocery stores and convenience stores for predominant displays and better promotion position. As market leader with 78% control of the tortilla chip market, there is little competition for Doritos within this market. However, looking across the snack category, Doritos has competition from brands of potato chips, Chex Mix, and Cheetos as well as nuts and pretzels.

Doritos Brand

The Doritos brand represents a bold flavor experience and has continued to be the tortilla chip leader in the “salty snack” category, with almost universal appeal. Doritos has been endorsed by popular celebrities, held breakthrough advertising campaigns at the Super Bowl, and boasts an online fan club, all of which are a great source of brand equity, loyalty, and recognition.

Brand research was conducted in 2012 employing a combination of surveys, focus groups, and collages to define the brand's image amongst consumers. The resulting brand map included five core associations: Chip, Triangle, Cheesy, Crunchy, and Orange. These associations speak to the iconic shape (triangle) and dominant Nacho variety (cheesy, orange). The secondary associations reflect usage occasions for consuming Doritos (football, party, snack), flavors (Cool Ranch, Nacho), and packaging (red bag). However, the secondary associations also include several negative associations, such as unhealthy, salty, and bad breath.

The "Better for You" Doritos Introduction

In the past decade, many companies in the food industry have launched products that are healthier alternatives for consumers. Companies have reformulated existing products or have developed new products with fewer calories, salt, fat, and additives.

In this vein, food scientists have formulated a new version of Doritos that is "better for you" than the original versions. The new Doritos are made of organic corn meal, offering a lower calorie snack with very few additives, very little salt, and less fat. To reduce food additives, this new variety has a simple corn flavor, without the added cheese, nacho, BBQ, or ranch flavorings found in the regular Doritos line. This version has been dubbed internally as "Doritos Free" during the development process to signify that it is relatively free of additives, salt, and fat. Taste tests conducted in test kitchens suggest a promising future for the product. When tested against other natural and low fat chips, 80% of consumers prefer the taste of Doritos Free. However, as is the case with many healthier food formulations, the taste of Doritos Free loses when tested against the regular corn flavor of regular Doritos—60% of consumers prefer the taste of regular Doritos over Doritos Free.

In preparing for the launch of the new Doritos product, several issues remain. Particularly important is the branding decision—how should the new Doritos version be named? One option is to use the name "Doritos Natural" that would signal to consumers that the product is free of many of the unhealthy ingredients of the regular versions. A second option being considered is to use a brand with less emphasis on the Doritos name, such as "GoodChips by Doritos." This option is being considered because several people on the marketing team feel that "Doritos Natural" is not an appropriate name for the healthier Doritos product as it is not completely free of additives, salt, and fat. A third option is to launch the new product under an entirely different brand name, such as "GoodChips," without mentioning any connection with the Doritos brand.

<u>Case Questions</u>

1. Consider the three branding options for the new healthier version of Doritos. Using your knowledge of brand architecture, how would you label each of these options—branded house, house of brands, subbrands, or endorsed brands? You do <u>not</u> have to explain why you are using these labels—just provide the labels. (5 points)
2. Which branding option do you recommend—and why? In your answer, evaluate the advantages and disadvantages of all three branding options. (30 points)

<u>Texas Instruments Case (A)</u> (Brand Architecture Case)

Background

In 1982, Texas Instruments (TI) began to expand its product line beyond hand-held calculators to hand-held learning aid products (LAPs) for the children's market. Over the next decade, TI launched LAPs designed to teach children simple math problems (Little Professor), spelling (Speak & Spell), and shapes and sounds (Teddy Touch & Tell).

By the mid-1990's, TI found increased competition in the LAP market. New competitors entered the hand-held LAP market, such as VTech who produced products such as the Little Smart Alphabet Desk (for learning the alphabet) and Small Talk (for learning shapes, and words). Substantial competition was also emerging from computer software companies, such as Broderbund and Learning Company, which became famous for educational software such as "Reader Rabbit" and "Playroom" for the children's market.

Further developments in the laptop and tablet market have added to competition in the LAP market. By 2010, prices for computer tablets had decreased to the point where they were viable to serve as learning aids for children.

Magic Reading Desk

In 2010, TI introduced a new LAP called the Magic Reading Desk. The unit looked like a simplified laptop computer, with five large easy-to-use cursor keys and two round response buttons. Ten different learning games could be inserted into the LAP, all intended to develop pre-reading and reading skills in children aged 3–7. The Magic Reading Desk was more versatile than competing hand-held LAPs because different games could be inserted. It also provided an advantage over educational software reading products because a personal computer was not necessary for its use. Compared to tablets, the Magic Reading Desk was less complicated to use, more durable, and less costly (with a retail price of $31.99). TI sold the Magic Reading Desk to major retail stores and chains through the TI sales force.

Expanding Sales to the Educational Market

TI management believes that it has an opportunity to expand sales of the Magic Reading Desk from consumer markets to educational institutions such as schools and daycare facilities. The Magic Reading Desk is very easy to use, durable, reliable, and needs only rechargeable batteries for its upkeep. TI could distribute the product through specialized audio-visual dealers that deal with educational markets, though their suggested margin of 30% off retail would require TI to sell the Magic Reading Desk at a higher price than regular retail markets in order to remain reasonably profitable. TI management is projecting a price of $49.99 for the educational market.

A remaining issue is how the Magic Reading Desk should be branded for the educational market:

a. One option is to use the same name, Magic Reading Desk, used in the consumer retail market. Packaging in the consumer retail market includes the brand “Texas Instruments” in small script across the top of the package; thus, the Texas Instrument name appears as an endorser.
b. A second option is to use a new name for the product, such as Reading Tutor, and omit any reference to Texas Instruments as an endorser.
c. A third option is to combine a new name, such as Reading Tutor, as a subbrand with the Texas Instrument name—e.g., Texas Instrument Reading Tutor.

Case Questions

1. Consider the three branding options. Using your knowledge of brand architecture, how would you label each of these options—branded house, house of brands, subbrands, or endorsed brands? You do not have to explain why you are using these labels—just provide the labels. (5 points)
2. Consider the three branding options for expanding sales into the educational market. Which branding option do you recommend for the educational market—and why? In your answer, be sure to evaluate the advantages and disadvantages of all three branding options for the educational market. (30 points)

Texas Instruments Case (B) (Brand Extension/Brand Dilution Case)

Texas Instruments holds a commanding lead in a few sectors of the personal electronics market, such as calculators, but finds increasing competition in other sectors, such as learning aids products (LAPs) for children and computer components. Given the rise in competition in these markets, Texas Instruments must develop a way to leverage their brand equity if they are to sustain growth in the future.

Leveraging the Texas Instrument Brand

Several options for leveraging the Texas Instrument brand have been developed by an internal task force of marketing and product design specialists. The option recommended by the task force is:

> **Children’s Bedroom Furniture:** Texas Instruments has been associated with LAPs for children for many years. Also, most high school students use Texas Instrument calculators for higher-level math classes. Leveraging these successes, Texas Instruments has developed a proposal for leveraging its brand into the children’s furnishings market. The new line would include children’s bedroom furniture (beds, tables), desks, and bookcases. The furnishings line would be distributed through large furniture chains, such as HOM Furniture.

Preliminary analysis of the option listed above suggests that children’s bedroom furniture is an expanding and profitable segment of the home furnishings market. However, consumer surveys note that Texas Instruments is associated with “technology, computing, and science”—which is not completely compatible with the attributes and benefits usually associated with children’s bedroom furniture.

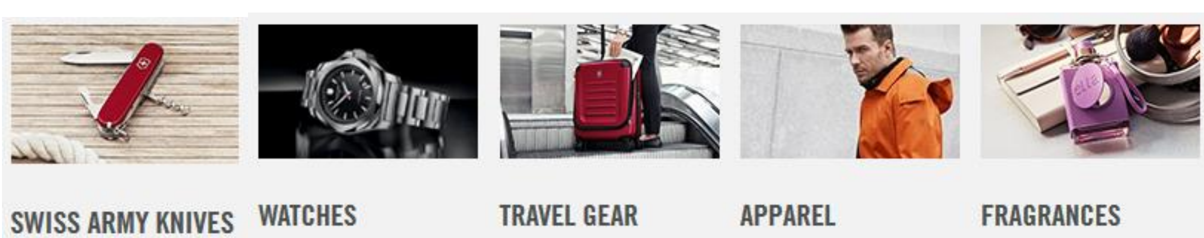
Case Questions:

1. Consider the leveraging option for Texas Instruments to enter the children's bedroom furniture market. Although this may not be a perfect fit for the Texas Instruments brand, suggest two strategies that could be used to make this leveraging option more successful. Identify the two strategies and describe briefly why they would provide a more successful platform for Texas Instruments. Be specific in your description of how the strategy would be implemented for the TI children's bedroom furniture line. (20 points)
2. Does the line of children's bedroom furniture have a high or low risk of diluting the Texas Instruments brand? Name one factor that decreases the risk of brand dilution and one factor that increases the risk of brand dilution for this particular brand extension.

<u>Swiss Army Brand Extension Strategy</u> (Brand Extension)

The Victorinox Company, and its Swiss Army brand, started in 1891 providing pocket knives to the Swiss army. The company became known in the U.S. after World War II when G.I.s returned with these highly functional pocket knives. They became very popular due to their ease of use, precision, multiple functionalities (more than 50), and reliability. Over time, the brand enjoyed high levels of brand awareness, and the company considered leveraging the brand into new product categories.

The first brand extension was introduced in 1989, Swiss Army watches. The product was a success and quickly took over 20% of the U.S. market. In trying to further leverage the brand equity, the company considered new products that have a technological innovation and/or that have a functionality that allow consumers to use them in a variety of ways. Following these ideas, in the 90s, the company introduced a line of functional travel gear and apparel. These products were introduced having in mind a focused attention to detail, bringing innovation, and incorporating technology. These extensions were also very successful. Finally, in 2007, the company expanded into yet another new category, fragrances.



1891 1989 1999 2001 2007

Case Questions:

1. Map the evolution of Swiss Army's brand equity (i.e., changes in brand associations) over time thanks to the new brand extensions.
2. Which brand extension strategy/strategies did Swiss Army follow at each step?

<u>Salinas Brazilian swimwear</u> (Brand Identity and Brand Leveraging)

Imagine you are the brand manager of *Salinas* Brazilian swimwear for women (e.g., bikinis, T-shirts, beach dresses, etc.). You know that your sources of equity are primarily related to a very high salience among South Florida Latin consumers and a unique image of being fashionable (e.g., using the very best of Brazilian designers), high quality (e.g., made of superior lycra), fun, and "sexy" (e.g., famous for sponsorships by top models). Your boss is pushing you to come up with the best strategy to take the brand nationwide. You are contemplating several options that are not necessarily mutually exclusive.

One option is to extend coverage and launch a campaign in California's swimwear market there. Another option is to launch a nationwide campaign for the next summer season. Swimwear is a highly seasonal market outside the South East/West Coast states, and you wonder about the resources needed for a nationwide campaign and the potential return on marketing investment. Recently, an idea emerged from your team to extend the brand into the women's fitness apparel category (i.e., clothes that have the versatility to go to the gym, function at a high level, and then go to lunch or the local coffee bar). This may enable you to take the brand nationwide with a product that is not as seasonal as swimwear is. Your boss asked you to make a recommendation about the most appropriate branding strategy to take the brand nationwide.

Case Questions:

1. What are the pros and cons of each alternative?
2. What would you need to be careful with if implementing either alternative?
3. What would your recommendation be? How would you sell your recommendation to your boss (i.e., what would be the key things you'd highlight to support it?)

II. Multiple Choice Questions

The right answer is highlighted in bold

1. Which of the following is a challenge faced by brands in the 21st century? (ch. 1)

    a. Growing multi-culturalism
    b. Channel consolidation
    c. Competition from every corner of the world
    d. Growing interconnectivity
    e. **All of the above**

2. Starbucks is strongly associated with "sophistication." This type of brand association is an example of: (ch. 3)
    a. Attributes and benefits
    b. Personality
    c. Emotions
    d. Attitudes
    e. Relationship bonds

3. Perceptions of quality are impacted by: (ch. 3)
    a. Attributes and features

b. Reliability
c. Durability
d. Serviceability
e. All of the above

4. Coke is strongly associated with "joy." This type of brand association is an example of: (ch. 3)
   a. Attributes and benefits
   b. Personality
   c. Emotions
   d. Attitudes
   e. Relationship bonds

5. The signaling ability of a brand resides more in the meaning that is shared by a collective group than in the meaning for an individual. (ch. 3)

   a. **True**
   b. False

6. In a survey, consumers rated a brand in terms of "competence" and gave it a 6.2 score (on a 1–7 scale). We then say that the following is a driver of brand equity: (ch. 3)

   a. Awareness
   b. **Attributes and benefits**
   c. Attitude
   d. Emotional responses
   e. Relationship bonds

7. Brand relationship bonds are evident in: (ch. 3)

   a. behavioral loyalty
   b. attitudinal brand attachment
   c. a sense of community with other brand users
   d. **all of the above**
   e. only a. and b.

8. Brand symbolism is rooted in: (ch. 3)

   a. personal knowledge of brand meanings
   b. **knowledge about shared meanings**
   c. brand recall
   d. performance features
   e. none of the above

9. Where can culture exist? (ch. 4)