CHAPTER 2

THEORETICAL CONSIDERATION AND LITERATURE SURVEY

The theoretical consideration is presented in this section. First, we will discuss about the definition of brand names, the difference between the products and brands, and the benefits of brands. Then we will argue about consumer markets, buying behaviors, and brand anatomy. Next, the guideline in building brand name from Philip Kotler (1999) will be introduced following by the law of proper name. Finally, the example of related literature will be presented.

2.1 WHAT IS BRAND NAME?

Philip Kotler, one of the most famous marketing gurus, has defined a brand as

"A name, term, sign, symbol, or design, or a combination of them, which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors." (Kotler, 1985: 42)

It means that the major role of a brand name is to decommoditising the products from the competitors. According to Doyle (1998: 158), product is anything that meets the functional requirements of the customers. This can be a physical product or a service product. Each company wants to differentiate his products from the competitors so the customers will aware and prefer his product to the rivals. There are also a lot of benefits of brand names.

From the study of Doyle (1998:170), it indicates that brand names are very important in the fast-moving consumer goods. On average, only two leading brand names can make profits. So, we can conclude that strong brands will lead high market share and profits. The strong brand names can introduce the tremendous profit through

a triple-leverage effect (Doyle, 1998:171). The first effect is through the higher volume that the brand achieves which allow higher asset utilization and scale of economies. Secondly, the brand leader gains higher price because the strong brands is demanded by most of customers. Finally, the unit cost of the brand leader may be cheaper than the competitors. As, the brand leader can produce in high volume and it usually has more negotiation power than the rivals do. Moreover, the company usually gains more profit. It can use that profit to establish more effective facilities and marketing activities. As a result, the brand leader can produce the product in an effective manner and its cost is usually lower than the competitors.

Strong brands, because they have a core of established and loyal users, have more predictable earnings streams and brand barriers (Doyle, 1998:172). The product will finally die, but the brand names may not die. The brand names could adapt itself to a new technology (Doyle, 1998:172). Additionally, every people want to work with a famous company. The reason why the strong brand's company is attractive is that it shows evidence of success (Doyle, 1998:173).

2.2 CONSUMER MARKETS AND BUYING BEHAVIOR

In order to formulate the branding strategy, we have to understand the buying behaviors. In this section, the consumer markets and the buying behavior is discussed because of this thesis also emphasises on the consumer market.

According to Kotler (1985; 121):

"The consumer market consists of all the individuals and households who buy or acquire foods and services for personal consumption."

It means that the consumer has variety of incomes, ages, tastes, and characteristics. The marketers have to classify the consumer into groups and develop the product to fulfill the needs of each group.

2.2.1 A MODEL OF CONSUMER BEHAVIOR

If the company could understand the customer, the company would be able to gain advantages over the competitors. Kotler (1985: 124) suggests the stimulus-response model illustrated in Figure 2.1.

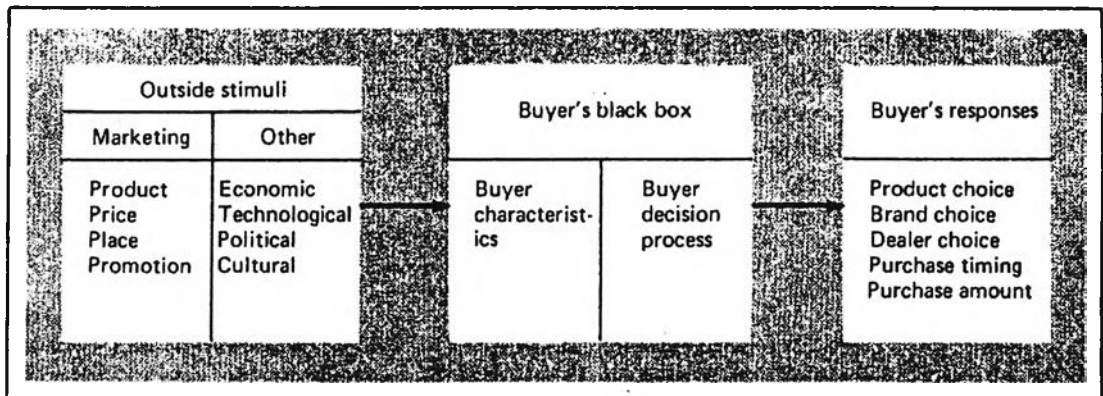| Outside stimuli		Buyer's black box		Buyer's responses
Marketing	Other			
Product Price Place Promotion	Economic Technological Political Cultural	Buyer characterist-ics	Buyer decision process	Product choice Brand choice Dealer choice Purchase timing Purchase amount

Figure 2.1: Model of Buyer Behavior (Kotler, 1985: 124).

According to Figure 2.1, the stimuli will enter the customer's black box and produce some certain responses. The stimuli consist of the marketing stimuli and the other stimuli. Marketing stimuli are the four Ps: product, price, place, and promotion. While other stimuli are major forces and events in the buyer's environment: economic, technological, political, and cultural. These stimuli will pass through the black box and produce the buyer responses: product choice, brand choice, dealer choice, purchasing timing, and purchasing amount. It is a task of the marketer to know what happen in the black box. Inside the black box can be classified into two sections: the buyer characteristics and the buyer decision process. The buyer's responses depend on these two factors.

2.2.2 Major Factors Influencing Consumer Behavior

According to Kotler (1985: 124), the consumers make the decision based on the influences by cultural, social, personal, and psychological factors.

2.2.2.1 Cultural factors

Kotler (1985: 124) suggests that the cultural factors exert the broadest and the deepest influence on consumer behavior. He focuses at the role-play by the buyer's culture, subculture, and social class. Culture is the most fundamental determinant of a person's wants and behavior. In a culture, it may contain some smaller groups in it. This smaller group provides more specific identification and socialization for its member. Kotler (1985: 125) distinguishes the subculture into four groups: nationality groups, religion groups, racial groups, and geographical area groups. The final role-play is social class. It proposes that virtually all human-societies exhibit social stratification. According to Kotler (1985: 126), social classes have several characteristics. The people from the same social class behave more alike than the people from different social class.

2.2.2.2 Social factors

Kotler (1985: 126) classifies social factors as consumers' reference groups, families, and social roles and statuses. Social factors also affect the behavior of the customer. According to Kotler (1985: 126), reference groups have direct or indirect influences on the person's attitudes or behaviors. They can influence the people in at least three ways. they expose an individual to new behaviors and lifestyles. They also influence the people's attitudes and self-concept because the people normally desire to "fit in." And they create pressure for the conformity that may affect the person's actual product and brand choices.

As for family, Kotler (1985: 129) states that the members of the buyer's family have strong influence on buyer behaviors. Wife has traditionally been the main purchasing agent of the family. In place of roles and status, people have many roles and status in many groups throughout their life. According to Kotler (1985: 130), a role consists of the activities that a person is expected to perform according to the people around him or her. People often choose the product in order to exhibit their roles and statuses in the societies.

2.2.2.3 PERSONAL FACTORS

Kotler (1985: 131) states that the buyer's decisions are also influenced by his or her personal characteristics, notably the buyer's ages and lifecycle stages, occupations, economic circumstances, lifestyles, and personalities and self-concepts.

People change their buying behavior during their lifetime. The pattern of behavior of customer also depends on the occupation. According to Kotler (1985: 131), a person's economic circumstances greatly affect product choices. If the customer doesn't have enough money, he is not able to buy the product although he really wants to own that product. People also buy the product to suit their lifestyle, personality and self-concept.

2.4.2.4 PSYCHOLOGICAL FACTORS

Kotler (1985: 136) introduces four major psychological factors, motivation, perception, learning, and beliefs and attitudes, in a person buying choice.

Many psychologists have developed theories of human motivation. Two of them are Sigmund Freud and Frederick Herzberg.

Freud (cited in Kotler, 1985: 137) assumes that the real psychological forces shaping people behavior are largely unconscious. As a result, people may not really know or understand their motivational mainsprings.

Herzberg (cited in Kotler, 1985: 139) develops a "two factors theory of motivation". This will distinguishes between Dissatisfiers and Satisfiers.

The motivated people are ready to act in some ways. The ways they act are based on their perceptions. Two people in the same motivated state may act differently. According to Kotler (1985: 139), people can emerge with the different perceptions to the same stimulus object because they will not attend to all stimuli. They just select few of them.

The incoming information may be translated differently from one people to one people. Finally, people usually forget much of information they have learned. The retained information usually is the information that supports their attitudes of beliefs. The marketers use these three factors to design the ways to convey the message to the customers.

Kotler (1985: 140) describes that people may change their behaviors because of their experiences in the past. People's learning is produced through the interplay of drives, stimuli cues, responses, and reinforcements. A drive is defined as a strong internal stimulus impelling action. Drive becomes a motive when it is directed toward a particular drive-reducing stimulus object. Cues are minor stimuli that determine when, where, and how the people respond. Then they respond. If they have good experiences toward the responds, they would confident to make the same responds again.

Belief is a descriptive thought that people hold about something, while attitude describe people's enduring favorable or unfavorable cognitive evaluations, emotional feelings, and action tendencies toward some objects or ideas (Kotler, 1985: 141).

2.2.3 THE BUYING DECISION PROCESS

In this section, the buying decision process will be discussed. This allows you to understand how consumers actually make their decision of buying.

2.2.3.1 BUYING ROLE

Kotler (1985: 143) distinguishes several roles people might play in a buying decision as follows:

Initiator: An Initiator is a person who first suggests or thinks of an idea of buying particular products or services.

Influencer: An Influencer is a person whose views or advice carries some weights in making the final decision.

Decider: A Decider is a person who ultimately determines any parts of, or the entire, buying decisions: whether to buy, what to buy, how to buy, or where to buy.

Buyer: A Buyer is a person who makes the actual purchase.

User: A User is a person(s) who consumes or uses the products or services.

These roles have to be identified since they have implications for designing the product, determining messages, and allocating the promotional budget.

2.2.3.3 STAGE IN THE BUYING DECISION PROCESS

According to Kotler (1985: 147), he introduces the Stage Model, which illustrates the consumers as passing through the five stages: *Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decision,* and *Post Purchase Behavior.* This model emphasises that the buying processes start long before the actual purchases and consequence long after the purchases. It means that the marketer should focus on the buying processes rather than on the purchase decisions.

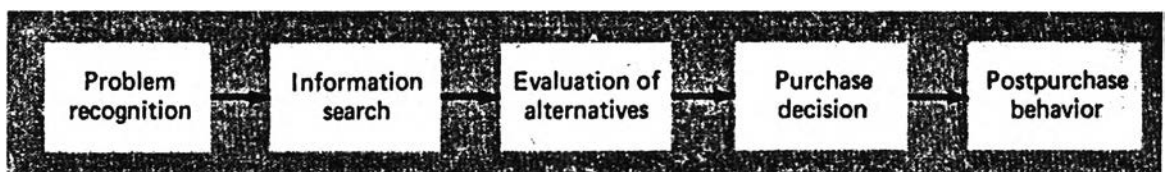| Problem recognition	Information search	Evaluation of alternatives	Purchase decision	Postpurchase behavior

Figure 2.2: Five-stage model of the buying process (Kotler, 1985: 148).

Kotler (1985: 148), states that the buying processes start with the buyer's recognizing the problems or needs. An aroused consumer may or may not search for more information. If the consumer's drive is strong, and an affordable gratification object is at hand, the consumer is likely to buy the objects then. Otherwise he could undertake no further search, some further search, or very active search for information bearing on the need. Then he or she would establish *Choice Set,* from *Total Choice* and he would make a final decision from Choice Set. Kotler (1985: 150) said that there is no simple and single evaluation process use by the consumer. He believes that most of consumers decide to buy the product from conscious rather than rational basis. This depends on the product attributes, the importance weights, the brand beliefs, and the utility functions before he would do an evaluation procedure.

The consumers may also form a purchase intention toward buying the preferred brands. However, there are two factors that could interfere between the purchase intention and purchase decision. There are attitude of others and unanticipated situation factors (Kotler, 1985: 155). After purchasing the products, the customer may satisfy with the products or may be not. He would do some actions that could affect the markets. If the product matches expectations, the customer is satisfied; if it exceeds them, the customer is highly satisfied; if it falls short, the customer is dissatisfied (Kotler, 1985: 157). The consumer's satisfaction or dissatisfaction with the product will influence subsequent behaviors. If he is satisfied by the product, he would buy it again in the future. He may also say the good things about the products to other people. In contrast, a dissatisfied customer responds differently. He may try to reduce the dissonance by abandoning or returning the product, or seeking information that might confirm the high value of the products. He may also take a public action or a private action (Kotler, 1985: 157).

2.3 THE ANATOMY OF BRAND

In previous topic, we have found the complexity of relationships between consumers and the products they buy, it follows that a successful brand is also

complex. A brand is going to have to address many elements of consumer perceptions and demands. According to David Arnold (1993: 25), the criteria for a successful brand can be arrived as follow:

1. On the product level, it must deliver functional benefits to meet the market need at least as well as the competition.

2. A brand will offer intangible benefits over and above the product.

3. The various benefits of a brand must be consistent with each other and present a unified character and personality.

4. The values offered must be wanted by the consumer.

Arnold (1993: 27), also suggests a useful framework in order to understand the relationships between the various elements of a brand is to categorize them and then map them on a chart as shown in Figure 2.3.

The "Essence" of a brand is a single simple value, easily understood and valued by the customer. The outer ring shows the obvious benefits, which are delivered by the brand. The outmost ring is the actual product attributes. To ensure that we have a unified proposition, we can scan from the essence to the outer ring of the circle. It is important that the product attributes do not clash with the brand essence; indeed, they should reinforce it.
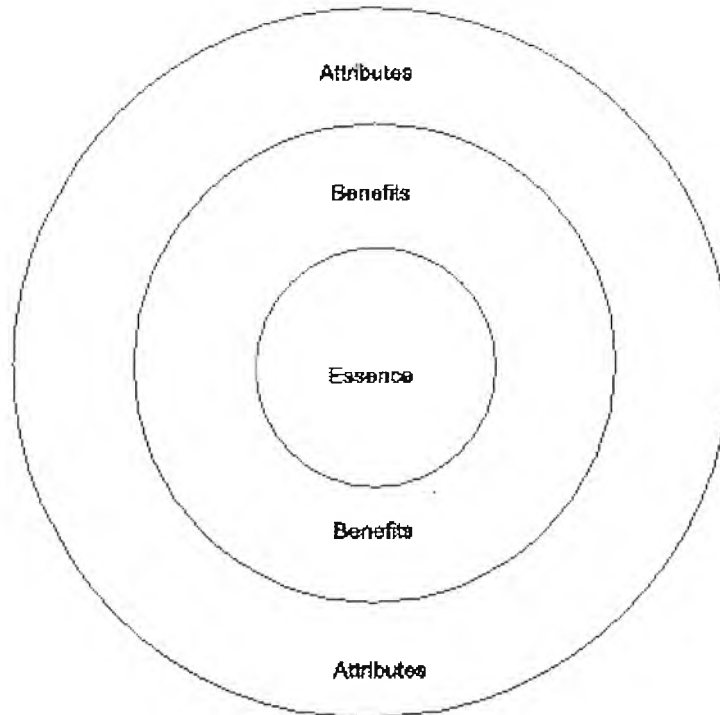
Figure 2.3: The relationship between the elements of a brand (Arnold, 1993: 28).

2.4 KOTLER'S MAIN STEPS IN DEVELOPING A STRONG BRAND.

In this section, the way to develop a strong brand will be illustrated. Philip Kotler (1999: 55) introduces the main steps in developing a strong brand as follow:

Develop the value proposition

- Choose a broad positioning for the product.

- Choose a specific positioning for the product.

- Choose a value positioning for the product.

- Develop the total value proposition for the product.

Build the brand

- Choose a brand name

- Develop rich associations and promises for the brand name

- Manage all the customers' brand contacts so that they meet or exceed the customers' expectations associated with the brand.

2.4.1 DEVELOP THE VALUE PROPOSITION

The company cannot be good at everything. The word "Trade off" is an important word in this topic. It has a possibility that to be good at one thing will lessen to be good in the other things. Due to the fact that the company has limited of fund, the company should focus on one thing that the company wants to be good at.

2.4.1.1 CHOOSE A BROAD POSITIONING

According to Micheal Porter (cited in Kotler, 1999: 55), he suggests that the company should focus on the three broad alternatives: the product differentiator, the low cost leader, or the nicher. The company that tries to be good at every ways but not superior in anyway is hazardous.

Michael Treacy and Fred Wiersema (cited in Kotler, 1999: 56), suggests an alternative three-ways framework called value discipline. The firms now have to select to be the product leader, the operationally excellent firm, or the customer intimate firm. The reason behind these alternatives is the customer behaviors. Treacy and Wiersema notice that there are three groups of customers. The first group of customers seeks for advance technology, which implies the product leader. Second group of customers looks for highly reliable and dependable performances, which implies the operational excellence firm. Final group asks for the most responsive and flexible in meeting their individual need product, which implies the customer intimate firm.

Treacy and Wiersema (cited in Kotler, 1999: 57): also propose the four rules for success as to:

1. Become best at one of the three value disciplines.
2. Achieve an adequate performance level in the other two disciplines.
3. Keep improving one's superior position in the chosen discipline so as not to lose out to a competitor.

4. Keep becoming more adequate in the other two disciplines, since competitors keep raising customers' expectations about what is adequate.

2.4.1.2 CHOOSE A SPECIFIC POSITIONING

The specific positioning is used to emphasise the benefits and reasons for the customer to buy the product.

Kotler (1999: 57) shows the example of automobile maker. Mercedes Benz owns the "most prestigious" position, while BMW owns the "best driving performance".

Kotler (1999: 58) puts forward the errors that the company should be avoided in positioning its brand.

Underpositioning: A company fails to present a strong central benefit or a reason to buy the product to the customer.

Overpositioning: A company may be adopted too narrow positioning. This would make some potential customer fail to notice the brand.

Confused positioning: A company should not present two or more benefits that will oppose to each other.

Irrelevant positioning: It is no good to claim a good point that no one is really concerned with.

Doubtful positioning: There is no good to claim the benefits that the customer does not confident that the company can deliver. The customer will not believe in our product's benefits.

2.4.1.3 CHOOSING A VALUE POSITIONING

In order to sell the product, the positioning is concerned with the benefits of the product. Yet, the price of the product has not been mentioned. In this section, the discussion about the positioning by focusing into the value or the price will be established. Kotler (1999: 59) has defined distinguish five value positions.

More for More

Some company can be found to be superior in some specific areas. The company can charge very high for its product. This can be called as luxury goods. The product is not only considered fine in itself, but it also delivers prestige to the customer. The customer may feel of higher lifestyle, or exceptional status. This kind of product often charges at extremely high price far exceed the actual increment of quality.

More for the Same

If the firm wants to attack "More for More" brand, firm can do it by introducing a brand with comparable quality and performance in a lower price.

The Same for Less

Most of people feel happy when they can buy a product or a brand at less than a normal price. So, the discount store can be found to offer some goods in a lower price. It doesn't offer superior product, but it just offers an ordinary product, which can save a lot of customer money.

Less for Much Less

Some products provide the customer a lot of fancy options, which sometimes some customers never use it. Some peoples complain that some manufacturers offer more than they require, but they still have to pay for the higher price. Less for Much Less targets the lower price by offering only the necessary requirements.

More for Less

This kind of position could be considered as winning value positioning since it offers prospect and customers "More for Less". You can see the example from Wal-Mart store. The customer will meet friendly greeters, see well-known brand names with low price, returned policies, and whole arrays of attractive laid-out.

2.4.1.4 DEVELOPING THE TOTAL VALUE PROPOSITION

Finally, the company should answer the question from the customer that "Why should he buy the product?" This is what total offering is about. This word is also concerned with total cost of acquiring. It is not only just the seller cost. It is the cost for acquiring, using, storing, and disposing a product. The customer will examine the total offering and total cost in order to buy a product. It is reasonable that the customer would choose to buy from the supplier who provides the most attractive total value proposition.

2.4.2 BUILDING THE BRAND

According to Kotler (1999: 63), if the brand does not exist, the price is the only factor that the customer would be considered. He will only buy from the cheapest producer. In this section, the way to building the brand will be discussed.

2.4.2.1 CHOOSING A BRAND NAME

The name of a brand should consistent with the positioning. Kotler (1999: 64) proposes the desirable qualities of a brand name as follow:

1. It should suggest something about the product's benefits.
2. It should suggest product qualities such as action or color.
3. It should be easy to pronounce, recognize, and remember; short names help.
4. It should be distinctive.

5. It should not carry poor meanings in other countries and languages.

2.4.2.2 BUILDING POSITIVE ASSOCIATIONS

According to Kotler (1999: 64), the best known brand names carry associations. He suggests that you have to consider:

1. Which association are positive and which are negative?
2. How strong in each association?
3. Are any associations unique to you?

Kotler (1999: 65) also suggests five dimensions to communicate the meaning in order to build an effective set of positive association for brand.

Attributes: A brand name should make the customer to remind the image of something in his mind.

Benefits: A strong brand name should show the benefit to the customer.

Company Value: A strong brand name should reflect the value of the company.

Personality: A strong brand name should reflect some personality traits.

Users: A strong brand name should exhibit the kind of people who own the product.

The brand builder should look into these five dimensions in order to create a brand identity.

2.4.3 TOOL FOR BUILDING THE BRAND IDENTITY

According to Kotler (1999: 66), a brand builder can use a set of tools to strengthen and project the brand image. These tools usually are owned words, slogans, symbols, and sets of story.

2.4.3.1 OWNED WORD

A strong brand name could remind the other person of another word. It is good if it is a positive word.

2.4.3.2 SLOGAN

The company can create a slogan for a brand. Then the company repeats its slogan in everyday ads, magazine or whatever. The effect of using same slogan over and over again is almost hypnotic and subliminal in the brand image it creates.

2.4.3.3 COLOURS

The company could use the consistent sets of colour. This will help the customer to recognize the brand. You would find that Kodak film always uses yellow.

2.4.3.4 SYMBOL AND LOGOS

The company could also develop a symbol or a logo to communicate the benefits to the customer. Symbols and logos aim to remind the people of something good.

2.4.3.5 A SET OF STORIES

Some brands also relate to some stories. This can be a benefit if the story is favorable and interesting.

2.4.4 EVALUATING A BRAND'S EFFECTIVENESS.

After developing a brand name, the evaluation has to be considered in order to see whether we come into the right direction or not. Young and Rubicam (cited in Kotler, 1999: 69), one of the world's largest advertising agencies, suggests that successful brand names have two qualities: Brand Vitality and Brand Stature.

The brands has vitality when:

- Differentiate in customer mind from the other brands.

- The differentiation is related to the customer needs.

The brands has stature when:

- They command high esteem.

- They command high familiarity in its target market.

From these two qualities, Young and Rubicam (cited in Kotler, 1999: 69) draws conclusion in evaluating a brand as follow:

- A brand that has high familiarity but low esteem is a troubled brand.

- A brand that has high likability but low familiarity needs heavy advertising campaign

- A brand that has high vitality but low stature needs heavy advertising campaign

- A brand whose differentiation and relevance are slipping will start losing esteem and then familiarity

It is noted that Kotler discusses choosing broad positioning, specific positioning, value positioning, and total value proposition. All four are concerned with product offering. They are about the way to present the product to the customer. Then, Kotler suggests the way to build the brand. He discusses the way to choose brand names, build positive associations, and he suggests various tools to building brand identity. It can be concluded that all of these topics are concerned with the brand identity. Finally, he suggests the way to evaluate the brand effectiveness. In brand effectiveness, he discusses the situation of brand and advertising. In conclusion, Philip Kotler's steps in developing a strong brand name are concerned with three factors: product offering, brand identity, and advertising.

2.5 THE LAW OF THE PROPER NAME

Al Ries and Laura Ries (cited in Sirichantananda, 2001: 107) suggest the way to naming the websites. In this section, their suggestion will be discussed. They introduce 8 factors that we have to remember in order to choose a name for the websites.

1. Short

    The name should be easy to spell and to type. You could use a nickname as your web-site name. The benefit of nickname is that it makes people seem to have closer relationship with the brand.

2. Simple

    The simple name does not always mean short name. Some short names are not simple names. Ries and Ries (cited in Sirichantananda, 2001: 107) claim that a short name is a name that organized the order of alphabet appropriately. "*Schwab*" is a short name, but it is not an easy name. It consists of six different alphabets. On the other hand, Mississippi is a long word but it is not a complex word because it consists of only 4 alphabets.

3. Suggest Category

    The name of the website should make the customer remind of the product categories, not only just the product itself. Foodland.com may be better than Food.com.

4. Unique

    Brand names should be unique and also stick in the people mind. This can be a proper noun like AskJeeves.com.

5. Alliterative

Alliterative word allows the people remember the brand easily. It can be something like Volvo, and Blockbuster.

6. Speakable

The best way to promote the website can be done by each person telling his friend positively about the website. So, your brand names should not establish the confusion to the listener. The word like How2.com, 1stbuy.com is easy to speak, but there are many ways to type them.

7. Shocking

In order to make the customer remember the brand, the name of the websites should touch their emotion. For example, you could use DieHard.com for the battery website.

8.Personalize

Some brand, only for some brand, has a name related to a person. This can be Ford, Chrysler, Calvin Klein. The way using this kind of name as a brand name will make the brand names feel to have a story, history, and live.

2.6 EXAMPLE OF RELATED LITERATURE

In Thailand, there are a lot of researches related to the topic of brand names, for example, Wongnan (1998) research tries to study image-making strategies of P&G and the consumer's perception towards P&G's brand and company. She used the in-depth interview method with P&G staff and its customer. The result came out that most of the respondents recognized and realized P&G's product as their favorite brands. The customer also had positive perception based on brand satisfaction; consequently, they felt positive toward P&G's product and company.

Sipiyarak (1997)'s study is intentionally aimed to investigate the attribute and direction of Singha beer's brand management. Those successfully ranked Singha beer

as the first of Thailand's beer market. In his research, he is concerned with the marketing mix, the brand situation positioning, and the advertising of Singha beer.

Niramansakul (1996)'s research has the purpose to study the factors that affect the purchasing behavior upon foreign brand name fashion products. These factors include the socioeconomic status, media exposure behavior, and consumers' attitude towards properties of the foreign brand name fashion products. The study is done by using a marketing research to determine the relationship of those factors and consumers' purchasing behavior.

However, most of these reports are based on the offline products. The introduction of Internet allows additional channel of shopping and communication. It can be considered as a new shopping medium.

In this case, we have to study this new medium by comparing the online method with the offline method. So, we will use Kotler's steps in developing a strong brand names as a guide. Before we can continue, we should understand the overview characteristics of Thailand. Nectec (2001) introduces Internet User Profile of Thailand. It concludes some interesting factor of Internet user's characteristic in Thailand. After understanding the characteristic of the market, we could establish benefits in order to satisfy the customer needs and then communicate these benefits to the customer. It can be done by firstly select a name. Al Ries and Laura Ries (cited in Sirichantananda, 2001: 107) suggests the way to naming the websites. Finally, the promotion (advertising) should be considered.

Simtrakul (2000) discussed about how to increase the traffic of the websites by using E-mail as a tool. The difficulties of using E-mail is that how to persuade the receiver to interested in the mail. He would briefly introduce a guideline to make an E-mail interested. I-click magazine (December 2001) also presents the article about the benefits of using E-mail marketing, the problems of using this method, and the case study of using E-mail marketing.

As for banner advertising, IAB lab (March-June 2001) established a research on the topic of an effectively used the advertising banner. The result of the study is primary based on the three case studies. The study is concerned with the relations between

characteristics of the banner, brand awareness, and brand favourability.

I-click magazine (November 2001) also presents the article about the use of Internet banner. It discusses the way to measure the effectiveness of websites by using "Click Through Rate". It also presents the interview with an expert. He suggests that the successful website should use both online and offline marketing concurrently.