

A Pre-reading: Categorization

Make a list of some product brands you buy regularly or know well. Can you think of ways of dividing the brands up into different categories?

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Now read the text below. Do the categories in the text match yours?

Types of branding

Companies can adopt a range of policies to create a ‘brand environment’ to encompass their product and/or service.

Family branding

As the name suggests, this is a brand range that adopts the name of the company. This can be done regardless of whether the company is a manufacturer or service provider. Examples include Heinz, Virgin, Cadbury and Shangri-La Hotels.

Individual brands

These are products and services that stand alone, separate from their parent company. They possess a distinct individual identity, and the consumer might not know which company owns the brand. These individual brands will have their own brand strategies to compete within their own marketplace. One of the advantages of individual branding is that a parent company such as Procter & Gamble can have several individual brands competing within the same market segment for a share of that particular market. Having such brands ‘competing’ within the same segment can mean that the parent has a greater overall share of that market segment than its competitors, both individually and collectively.

Own-label brands

These are brands that are owned and marketed by retailers. They are also known as retailer brands, own brands, dealer brands, private labels, store brands and generics. The major UK supermarkets have, for instance, created a range of own-label brands encompassing everything from chocolate to washing liquids. These compete, normally on

price, with the major-label brands such as Heinz, Cadbury and Kellogg’s. The aim of own-label brands is to build loyalty between the customer and the retailer, and to improve store margins.

Supermarkets do not manufacture own-label brands; instead they seek companies that have the experience of manufacturing specific products or ranges of products.

Euromonitor reported that in 2002 own-label brands of Over the Counter (OTC) medicines accounted for 6.4 per cent of the global market. The research contends that own-label brands have proved attractive (as a result of their lower price position) in markets where the national economy displays low growth and rising unemployment. Where there is a threat of unemployment and diminishing levels of disposable income, consumers will feel increasingly insecure. This will lead them to purchase lower-priced products, usually own-label brands. In such a competitive market, the major brands may retaliate by lowering their prices to compete on price, or maintain their position. In the latter case they are identifying a quality rather than a price position.

Adapted from *Foundations of Marketing* by Jonathan Groucutt, pp. 132-4 © Palgrave Macmillan 2005

B Comprehension check

Here are some words and expressions used in the text. Match each one to the correct explanation: A or B.

- This can be done **regardless of whether** the company is a manufacturer or service provider.* [Family branding, lines 2-4]
 - This can be done either when the company is a manufacturer or when it is a service provider.
 - This can be done when we aren't sure whether the company is a manufacturer or a service provider.
- [Individual brands] possess a distinct individual identity, and the consumer **might not know** which company owns the brand.* [Individual brands, lines 2-4]
 - The consumer is not supposed to know which company owns the brand.
 - It's possible that the consumer won't know which company owns the brand.
- Having such brands '**competing**' within the same segment ...* [Individual brands, lines 10-11]

The word 'competing' is in quotation marks because:

 - The brands are not really competing with each other because only companies or people can compete with each other – not products.
 - The brands are not really competing with each other because they are manufactured by the same parent company.
- Where there is a threat of unemployment and **diminishing levels of disposable income**, consumers will feel increasingly insecure.* [Own-label brands, lines 20-22]
 - Consumers feel insecure when they think their income will start to go down.
 - Consumers feel insecure when they think they will end up having less money to spend after they have paid all their bills.
- In such a competitive market, the major brands may retaliate by lowering their prices to compete on price, **or maintain their position**. In the latter case they are identifying a quality rather than a price position.* [Own-label brands, lines 23-27]
 - Major brands competing with own brands can choose whether or not to reduce their prices.
 - Major brands competing with own brands have to reduce their prices in order to keep their market share.

C Vocabulary 1: Word-building

Here are some definitions of words that are used in the reading text (in the order they appear). Find the word or phrase in the text that matches each definition.

- to decide to use something: *to* _____
- to have: *to* _____
- separate (adj.) _____
- a specified group of potential customers within a market _____
- to include a wide range of different things: *to* _____
- profits _____
- to argue (that) : *to* _____ (that)
- to show: *to* _____
- to buy: *to* _____
- to take revenge: *to* _____

D Vocabulary 2: Prepositions following verbs

Fill the gaps in the sentences with one of the prepositions in the box. The first one has been done for you.

against by for in on with within

1. It's very hard to compete against bigger companies, as they have more resources.
2. We've decided to compete _____ quality, not price.
3. We're competing _____ one specific segment of the market.
4. Our new product has to compete _____ three well-known established brands.
5. We can't compete only _____ reducing our prices.
6. We have to compete _____ some very difficult markets.
7. We're competing _____ new customers all over the world.

E Discussion

Are you affected by brands in your own buying decisions? For what kind of products or services? In what way?

F Webquest

Find examples of the different kinds of brand mentioned in the text. These can be brands from your own country or international brands. In each of your examples, is the branding successful? Why? Why not?

A Pre-listening

What is a product brand? Why do companies brand products? Discuss and make notes.

You are going to listen to a conversation about branding between Tim, a business studies student who is working as an intern in the marketing department a large chocolate manufacturing company, and Carla, the marketing manager.

As you listen, make notes on Carla's explanation of why branding is important for companies. Then listen and compare your answers with the explanations given in the discussion.

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B Vocabulary

Here are some words and expressions that were used in the dialogue. Match them to the definitions.

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| 1. to hold a meeting | a. to start to realize that a product exists |
| 2. to sit in on a meeting | b. to have something in front of you that you have to react to or deal with |
| 3. distinctive | c. where customers have a chance to try a product or buy it at a special price |
| 4. at random | d. to organize a meeting at an arranged time |
| 5. to become aware of (a product) | e. to attend a meeting to listen and learn from it, but not necessarily participate |
| 6. to build awareness of (a product) | f. without a particular method, pattern or purpose |
| 7. in-store promotion | g. not as good |
| 8. impulse purchase | h. when you decide to buy something immediately without thinking about it previously |
| 9. vital | i. to be more noticeable and seem better than (other products) |
| 10. to be confronted with | j. essential |
| 11. to stand out from | k. to help people notice that a product exists |
| 12. inferior | l. different and noticeable |

C Comprehension check: Marketing vocabulary

Here are some of the branding concepts Carla describes in the conversation. Match each marketing term she uses with its description below.

1. differentiation
 2. building awareness
 3. recall
 4. recognition
 5. protecting the brand
 6. communicating brand values
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- a. when customers remember a product they have already tried and liked when they see it again
 - b. stopping other companies and criminals from copying a product or making a bad version of a product
 - c. informing customers about a product that they don't know about yet
 - d. using the company or brand name to reassure customers that the product is safe, reliable and good quality
 - e. making products distinctive, so that people make a deliberate decision to select them, rather than choosing them randomly
 - f. when customers are able to find a product because it stands out visually in some way (e.g. on supermarket shelves where lots of similar products are displayed)

D Discussion

Think about some of the brands you know. How successful do you think they are in standing out from their competitors?

E Project

Think of a new product or service you would like to launch. Then design a brand identity for it. You need to decide on the brand features mentioned in the conversation, i.e. the product name, the slogan, the design of the lettering and the colour of the packaging.