

CENTRAL UNIVERSITY



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END OF SECOND SEMESTER EXAMINATION, 2015/16

CENTRAL BUSINESS SCHOOL

DEPARTMENT OF MARKETING

CBMK 406: BRANDS MANAGEMENT (LEVEL 300)

2016

TIME DURATION: **THREE (3) HOURS**

INSTRUCTIONS

Answer Questions 1 and any other **THREE (3)** questions

*Credit will be given for clarity of expression and orderly presentation of relevant material

EXAMINER: PETER ANABILA

SECTION A- CASE STUDY

Question 1

Business organisations the world over whether service or manufacturing have recognised the critical role branding plays in business progress. In contemporary marketing practice, branding has become an effective weapon marketers use to bolster their competitive advantage and thereby enhance the achievement of their predetermined objectives. Branding has been used for decades as a means of differentiating one manufacturer's products from those of other manufacturers. A good understanding of consumer-based brand equity is crucially important in understanding branding and the advantages it offers. Branding helps organisations to attain brand equity. A brand with a high brand equity index is often described as a strong brand.

Pharmaceutical branding is an important way to create awareness and generate interest and increased confidence among potential customers. Since branding essentially helps in differentiation of a product by setting it apart from others, it has become a critical element in the organisation's positioning strategy. Positioning is the way by which marketers attempt to create a distinct image or impression in the minds of the customers or prospects. The pharmaceuticals industry in Ghana is one of the sectors of the economy harnessing the power branding to attain competitive advantage in the marketing of its products. The case for branding in the pharmaceutical sector is partly accentuated by the sensitive nature of pharmaceutical products and the need for brand credibility to reduce perceived risk and to guarantee product quality. Over the years, there has been a steady growth of the pharmaceutical industry in Ghana of which most of the major players produce their own drugs and augment their production with imports from their international partners. This has culminated in mounting competition and in some cases unfair competition owing to the influx of fake drugs in the market. Pharmaceutical products manufactured by pharmaceutical companies in Ghana are normally distributed through pharmaceutical wholesalers, pharmacies, licensed chemical stores, hospital, clinics and street vendors.

As a marketing tool, branding is not just a case of placing a symbol or name onto products to identify the manufacturer, a brand is a set of attributes that have a meaning, an image and produce associations with the product when a person is considering that brand. Branding is important not only for manufacturers but also for retailers and consumers. Retailers value branding because consumers shop at stores that carry their favourite brands. Some retailers have created their own private brands to further promote customer loyalty. Given the growing understanding of branding as a tool for creating competitive advantage through the provision of tangible and intangible benefits, no savvy marketing organisation can be expected to overlook the benefits of branding.

Pharmaceutical branding currently trails fast moving consumer goods (FMCG) due to the multiplicity and diversity of techniques employed by the FMCG counterparts. In the FMCG industry, the role of brands as a source of competitive advantage has been well developed as organisations incorporate brand thinking early in the product development process while

galvanising all departments towards developing a consistent brand image. Coca Cola, Pepsi, Budweiser, Nescafe, which are leading FMCG brands, have created a distinct identity for themselves through leveraging a unique and consistent branding appeal. The power of branding in some instances has been so compelling that the Nescafe brand for example, is often used as a generic that is synonymous with coffee. This is the hallmark of an effective corporate brand strategy. The pharmaceutical companies, in the past, have focused on developing 'products' rather than brands. The traditional sources of value creation have been through extensive research and development (R&D). Brand managers in pharmaceutical companies usually take the help of expensive clinical data to demonstrate how their products differ from their competitors. This difference is often used as the basis for differentiation as it is easy to sell a "tangible" functional difference.

In recent times the issue of fake drugs has come up as a topical issue due to the prevalence of fake drugs in the Ghanaian market thereby raising serious concern about quality issues to key stakeholders such as the health ministry, the government and the general public. The incidence of fake and substandard drugs has become a serious menace confronting global health care delivery. The emergence of counterfeit drugs is a modern day menace which has assumed alarming dimension internationally, especially in less developed countries. The market of counterfeit drugs is a well organised white colour crime. It is the major cause of needless morbidity, mortality and loss of public confidence in drugs and public health in general. Counterfeit drugs are products intentionally manufactured to resemble a brand name pharmaceutical. They may contain no active ingredients or contain ingredients inconsistent with the package description. Fake drugs are more common in countries without sound regulation and weak quality control standards.

In order to maintain competitive advantage in the industry, pharmaceutical companies have to identify winning marketing strategies that provide competitive advantage on a sustainable basis. Therefore, branding strategy is employed by pharmaceutical companies to provide greater marketing leverage and help deal with problem of counterfeiting. Also, it is important to decide how to communicate these benefits in a coherent way to the target customers. Organisations that have thriving brands have a coherent, company-wide understanding of the unique benefits of their brand. The difference between a branded product and its non-branded counterpart is that the brand communicates added values. To thrive, managers need to ensure that the bundle of values they offer to consumers are relevant, superior to competitors' and have enduring brand values. Whilst ensuring superior quality of pharmaceutical products is fundamental to winning user confidence, an equally important, if not more important is the assurance or guarantee that a strong brand promises. Positive brand associations act as a promise from the brand owner to the customer.

- a. According to the author, branding is a winning formula that creates competitive advantage to a firm. How can branding benefit customers of pharmaceutical companies and provide competitive advantage to the firms? (18 Marks)

- b. In dealing with the issue counterfeiting, the author believes that pharmaceutical companies must brand effectively to achieve brand equity. Identify and explain six (6) branding elements that pharmaceutical companies must effectively deploy to achieve brand equity. **(18 Marks)**
- c. Apart from competition identified in the passage, mention four (4) other contemporary challenges that are likely to be encountered by pharmaceutical companies in their bid to adopt branding like their FMCG counterparts? **(4 Marks)**

SECTION B: Answer only three (3) questions

Question 2

- a) What is a brand? **(2 Marks)**
- b) You are the marketing manager of Printex Company Limited. Your managing director has requested you to provide him with the critical success factors in brand building to guide strategy formulation. What factors will you discuss in your response to the MD? **(18 Marks)**

Question 3

- a) State the brand equity concept. **(5 Marks)**
- b) Discuss the principal components of brand equity. **(15 Marks)**

Question 4

- a) Explain the six (6) general criteria for choosing brand elements to create brand equity. **(18 Marks)**
- b) What is brand positioning? **(2 Marks)**

Question 5

- a) Packaging is of such great importance to branding that people sometimes erroneously assume that packaging is the same as branding. Explain the guidelines for creating high impact packaging? **(10 Marks)**
- b) Achieving brand loyalty is the ultimate ambition of any business organisation seeking to thrive in this modern competitive marketing landscape. In this vein, mention and explain five (5) basic activities that an organisation can undertake to develop and enhance brand loyalty. **(10 Marks)**

Question 6

Since the brand name is the most difficult element to change, explain in a stepwise order, the process involved in choosing an effective brand name for an organisation so as to avoid the possibility of future change. **(20 Marks)**