

Coupons, a Vital Link in Building Brand Equity

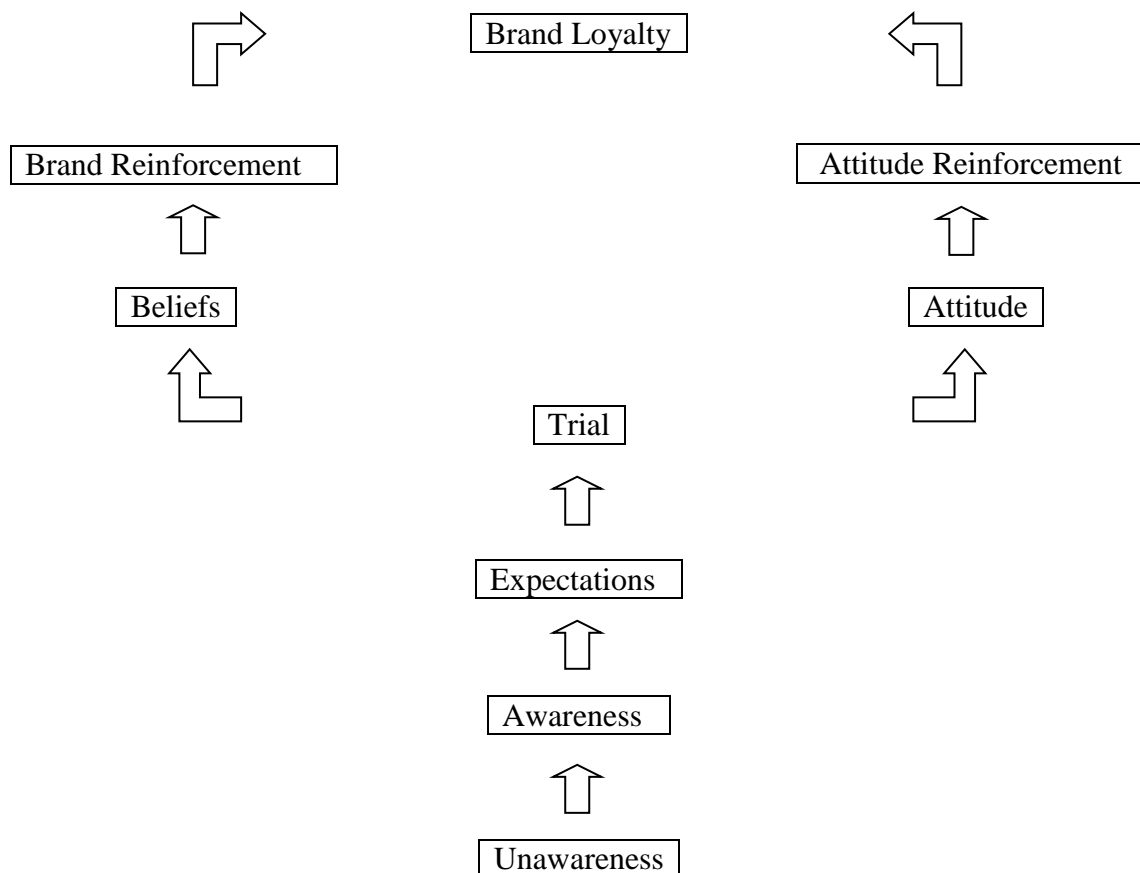
From the consumer's perspective, a brand possesses equity to the extent that consumers are familiar with the brand and have stored in their memory banks, favourable, strong and unique brand associations.

Brand equity consists of two forms of brand knowledge: *Brand Awareness* and *Brand Image*. In general, efforts to enhance a brand's equity are accomplished through the initial choice of a positive brand identity – a good brand name, logo and positioning statement. But more pertinently through marketing, marketing communication programmes and promotional activity, that forge favourable, strong and unique associations in the consumers mind between brand and its attributes/benefits.

A favourable brand image does not happen automatically. Sustained marketing communications are essential in creating strong, favourable and perhaps unique associations about the brand. When advertising and other forms of marketing communication create unique and favourable messages, a brand becomes differentiated from competitive offerings and is relatively insulated from future price competition.

What is required is a deposit in the brand equity bank, and this is accomplished by *strong* advertising and promotional efforts. Building brand loyalty and subsequently brand equity, requires a hierarchy of effects, which basically means there are certain defined steps to move the consumer from awareness of your product or brand to ultimate purchase.

The steps in the hierarchy model are as follows:



When launching a new brand, you need to move your customer from unawareness to awareness. You require mass media advertising to create brand awareness and to tell him/her about the product, its benefits, its price and where to find it. This requires strong advertising; advertising that is different, unique, creative, clever, memorable and can stand out in the clutter. It also requires intelligent and effective media planning and an adequate budget. Creating brand awareness is absolutely essential for success.

It is not enough to create brand awareness to assure purchase. You must persuade your consumer that the product will live up to his/her expectations. The only way that they can establish this is by *trial*.

There are two ways of getting a person to try a product. That is, by outright purchase at full price and therefore there is a risk for them wasting money if the product does not live up to expectation, or by point of purchase promotions, and there are only three forms of doing this: Discounting, sampling or couponing.

Discounting is not the way to go when launching a new product. It can destroy its quality image by cheapening the brand. Sampling works, but there is tremendous wastage as you are not sure that you are getting it into a potential user's hands, and there usually is too little product to get the consumer used to it, unless you sample a full pack which makes it ridiculously expensive.

Coupons, on the other hand, ensure that a potential customer whose expectations are aroused by your advertising efforts, are seeking out the product.

- You make it easy for them to buy. Your product is on promotion which means attention-getting devices on shelf and your advertising should have encouraged them to look out for the coupon promotion.
- Because the consumer is rewarded in cash for their buying decision, the fear of wasting money on a product they won't like is lessened.
- You create warm and positive feelings toward your brand because you understand your consumer's uncertainty and risk trying a new product.
- You make a sale.
- Unlike in sampling, you get the full pack into the household, which implies ongoing usage, which reinforces the brand awareness and creates habit patterns. It also has spread potential amongst other family members who may request repeat purchases if they favour the brand.

Therefore, coupons are the most effective tools, in encouraging trial.

Upon using the brand, the consumer forms beliefs about the brand's performance benefits and an overall attitude towards the brand. Beliefs and attitudes are mutually reinforcing, and lead to belief and attitude reinforcement. Elaboration takes place at this point and the consumer forms an overall evaluation of the brand along some implicit good-to-bad spectrum.

If the brand lives up to its promise and expectations, the consumer attitude will be positive; on the other hand, the attitude can be expected to be somewhat ambivalent or even negative if the brand fails to meet expectations. Once the attitude is formed, the consumer's additional exposure to advertising and marketing communication serve to reinforce and entrench the attitude and this in turn strengthens their belief in the

product and because of this conviction, they will most likely also become influencers amongst non-users through peer example and word of mouth (Market Mavens).

As long as the brand continues to satisfy expectations, you establish brand equity and this leads to brand loyalty which means ongoing repurchases, resistance to brand switching and is the ultimate goal of every marketer.

Thus the key to the process is trial and reinforcement, and coupons are the most effective way to encourage trial.

Coupons give you the unassailable edge and are the vital link in building brand equity.

By Professor Derrick Dickens.

Coupons Beat Trade Promotions

Return on Investment

If promotion efficiency is a concern, FSI coupons deliver your desired results by generating a higher short-term ROI than trade promotion. Trade promotion receives a disproportionate share (50%) of marketing dollars¹, and questions on trade promotion inefficiencies continue to exist. PDI industry estimates place the short-term ROI for coupons at approximately 70-75%. Trade promotion estimates are much lower at 35-40%, comparable to short-term ROI rates for advertising. Once again, short-term ROI refers only to the immediate return generated from a coupon promotion and does not factor in long-term conversion and retention with subsequent purchases by new buyers. Your ROI can only increase in the long-term when you consider the conversion and retention factor associated with coupons.

