

*'Products are made in the factory, but brands are made in the mind.'*  
 Walter Landor (1913–1995), branding pioneer

## OVERVIEW

## VOCABULARY

Brand management

## LISTENING

Successful brands

## READING

Building luxury brands

## LANGUAGE REVIEW

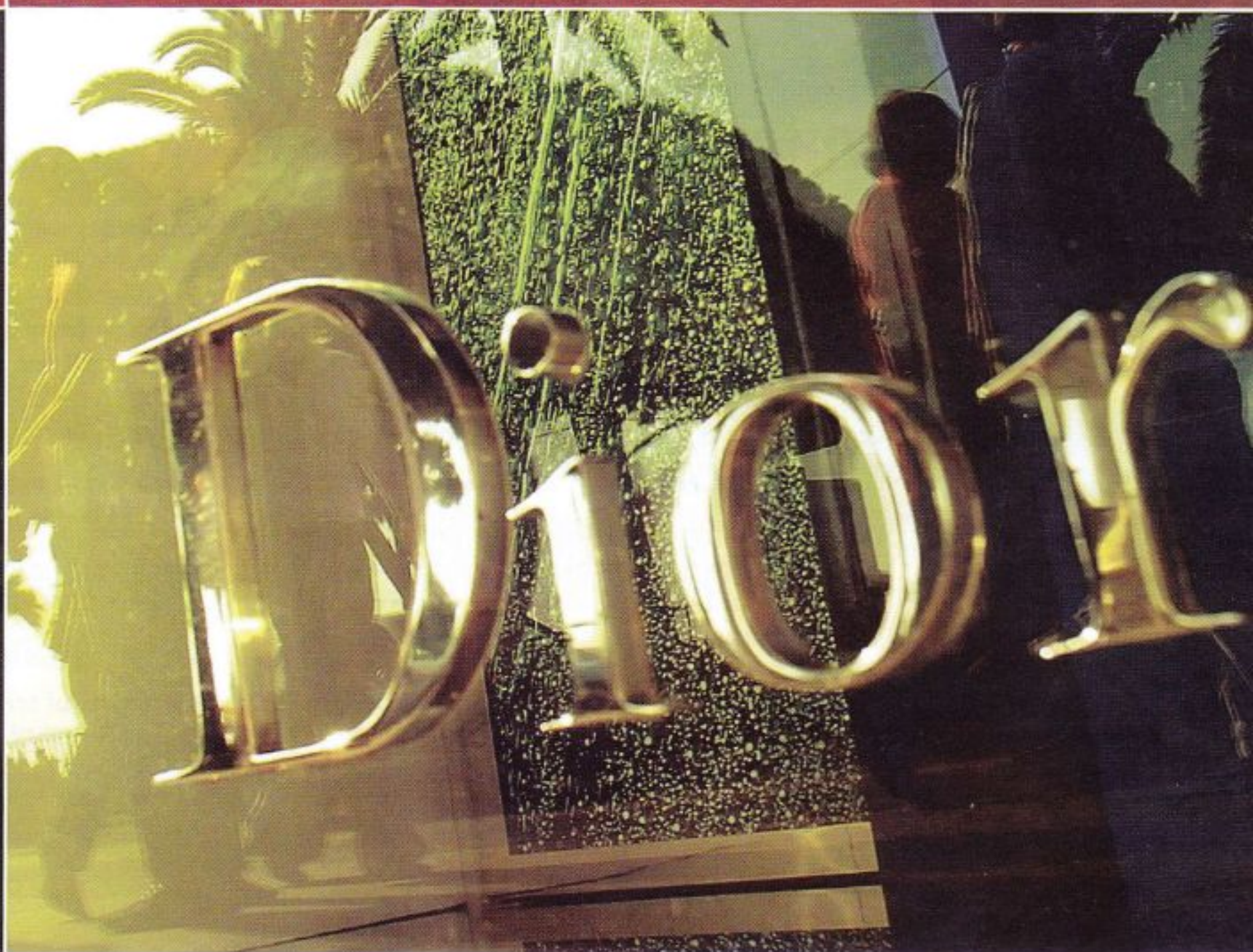
Present simple and present continuous

## SKILLS

Taking part in meetings

## CASE STUDY

Hudson Corporation



## STARTING UP

A

**Work with a partner. List some of your favourite brands. Then answer these questions.**

**1** Do you / Would you buy any of the following brands? Why? / Why not?

|            |                  |           |          |              |
|------------|------------------|-----------|----------|--------------|
| Coca-Cola  | Ikea             | Microsoft | Tesco    | Chanel       |
| IBM        | General Electric | Virgin    | Nokia    | Kellogg's    |
| Toyota     | Google           | Intel     | Samsung  | Ford         |
| McDonald's | Mercedes-Benz    | Disney    | Marlboro | China Mobile |

**2** Which of the brands above do you think feature in the top-ten Interbrand list in both 1999 and 2007? (Check your answer on page 134. Are you surprised?)

**3** Pick some of the brands above which interest you. What image and qualities does each one have? Use these words and phrases to help you.

|                 |             |               |           |         |
|-----------------|-------------|---------------|-----------|---------|
| value for money | upmarket    | timeless      | well-made | classic |
| durable         | inexpensive | cool          | reliable  | stylish |
| fashionable     | sexy        | sophisticated | fun       |         |

**4** How loyal are you to the brands you have chosen? For example, when you buy jeans, do you always buy Levi's? Why do people buy brands?

**5** Why do you think some people dislike brands?

B

**CD1.1 Listen to two speakers talking about brands. What reasons does each person give for liking or disliking brands? Which person do you agree with?**



# Brand management

A

## Match these word partnerships to their meanings.

B  
R  
A  
N  
D

- 1 loyalty
- 2 image
- 3 stretching
- 4 awareness
- 5 name

- a) the title given to a product by the company that makes it
- b) using an existing name on another type of product
- c) the ideas and beliefs people have about a brand
- d) the tendency to always buy a particular brand
- e) how familiar people are with a brand (or its logo and slogan)

P  
R  
O  
D  
U  
C  
T

- 6 launch
- 7 lifecycle
- 8 range
- 9 placement
- 10 endorsement

- f) the set of products made by a company
- g) the use of a well-known person to advertise products
- h) when products are used in films or TV programmes
- i) the introduction of a product to the market
- j) the length of time people continue to buy a product

M  
A  
R  
K  
E  
T

- 11 leader
- 12 research
- 13 share
- 14 challenger
- 15 segment

- k) the percentage of sales a company has
- l) customers of a similar age, income level or social group
- m) the best-selling product or brand in a market
- n) information about what consumers want or need
- o) the second best-selling product or brand in a market

B

## Complete these sentences with word partnerships from Exercise A.

B  
R  
A  
N  
D

- 1 No one recognises our logo or slogan. We need to spend more on advertising to raise brand awareness.
- 2 Consumers who always buy Sony when they need a new TV are showing .....
- 3 A fashion designer who launches his or her own perfume is an example of .....
- 4 The image of Mercedes-Benz is such that its products are seen as safe, reliable, luxurious, well made and expensive.

P  
R  
O  
D  
U  
C  
T

- 5 George Clooney advertising Nespresso is an example of .....
- 6 A ..... consists of introduction, growth, maturity and decline.
- 7 Tesco's wide ..... means that it appeals to all sectors of the UK market.
- 8 The use of Aston Martin cars and Sony computers in James Bond films are examples of product placement.

M  
A  
R  
K  
E  
T

- 9 Microsoft is the ..... in computer software.
- 10 In countries with ageing populations, the over-60s age group is becoming an increasingly important .....
- 11 Pepsi is the ..... in carbonated soft drinks.
- 12 Focus groups and consumer surveys are ways of conducting .....

C

## Discuss these questions.

- 1 What are the advantages and disadvantages for companies of product endorsements?
- 2 How can companies create brand loyalty?
- 3 Can you give any examples of successful or unsuccessful brand stretching?
- 4 Think of a cheap or expensive idea for a product launch.
- 5 What other market segments can you identify (e.g. young singles)?
- 6 What action can companies take if they start to lose market share?





# Restless pursuer of luxury's future

by Vanessa Friedman

Sydney Toledano (Dior's Chief Executive) is one of the longest-serving chief executives in the luxury industry. As the industry goes global, he must balance the demands of shareholders and the values of a historic label, the need for exclusivity and the need for expansion.

He routinely communicates with his demanding boss, Bernard Arnault, main shareholder of Christian Dior, and a number of creative types, including Dior's clothes designer John Galliano and jewellery designer Victoire de Castellane.

'The best advice I ever got was that, when times are bad, you need to get out of the office; when things are good, you can spend time on the organisation,' says Mr Toledano, who travels almost every week to one of Dior's 224 stores round the world. 'You have to look for newness, look for what is happening next. Forget the calculator. Understand the people from different countries and what they want.'

It was by spending time in China in the 1980s, for example, when he worked at the French leather-goods house Lancel, that Mr Toledano first

realised China would one day be prime territory for luxury.

'I met some factory owners, and they were working so hard, but then they would bring you to a restaurant and it was clear they wanted to enjoy life,' he says. 'And I thought: one day these people are going to have money and they are going to spend it.'

A few years later, Bernard Arnault contacted him. 'The interview took 15 minutes. He knew exactly what he wanted,' says Mr Toledano: to take a small couture house he had bought out of bankruptcy and build it into the biggest luxury group in the world. Mr Arnault has used Dior to create LVMH (Louis Vuitton Moët Hennessy, the world's largest luxury group).

'Christian Dior can double in five years,' he says. 'There may be difficult times coming, but if you look at the Middle East, China, even Europe, I believe there is growth coming, and we have to develop our network and perfect our supply chain.'

The next wave of luxury buyers is now in the new territories: the Middle East, Russia, Hong Kong and South Korea.



Sydney Toledano, CEO Dior

Mr Toledano believes not only that a brand should go to its customers but that it should anticipate their needs and invest early in markets that may not show real growth for up to six years.

