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CULTURE



CONTEXT

A NEW PERSPECTIVE ON BRANDING IN MODERN CONTEXTS

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Executive Summary

Is the current financial crisis the “perfect storm” of capitalism - an all destroying unavoidable factor, representing a threat for all companies; or is this crisis a unique opportunity for exceptionally perceptive and adaptive companies to capture markets and the minds of consumers by clever use of modern techniques of branding?

The following thesis examines and illustrates how methods of contextual branding – a recent theoretical branch within the branding paradigm has evolved from traditional theoretical principles to become a holistic applicable tangible theory; a theory that by the use of a historical analysis of the brand of Virgin proves to have been advantageous throughout the span of four decades. In addition, the empirical performance of Virgin derived from applying principles of contextual branding is comparatively analyzed to that of British Airways – proving the principles of contextual branding superior.

Furthermore, to test whether these principles still deem superior, this thesis illustrates how theories and strategies of contextual branding could prove advantageous in the current context – defined by the financial crisis. Thus, providing a different perspective of branding based on a variety of academic approaches, amongst which are; psychology, sociology, finance, consumption, future studies and behavioural science.

Combining the theoretical and empirical analyses above, this thesis offers unique insight and recommendations in the modern world of branding – a world in which the image of the financial crisis as the “perfect storm of capitalism” is punctured by contextual decoding and exploitation of cultural trends.

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PART 1

1.0 Introduction

As the external framework and general conditions of competition of companies change, so must their strategies in order to achieve continued success. The ongoing global financial crisis that started in 2008 and the widespread economical and psychological effects that followed, is a precise example of how external macro economical factors and trends can effect otherwise previously well functioning companies. We have all seen the documentaries and the news broadcasts of how otherwise solid financial companies are the "*victims*" of the financial crisis, bad judgement or a combination of the two. It is widely accepted that the financial crisis should be perceived as a threat.

This thesis seeks to examine the opposite scenario, and describe how companies by modern branding techniques should seek to look past the financial constraints of the crisis and into the unique cultural context and trends that such a crisis creates.

Whereas the world has never seen a crisis exactly as this, we have indeed seen how such major events affect the contextual framework and the mindset of consumers. Thus, this might prove an excellent opportunity for exceptionally perceptive and adaptive iconic brands.

Branding in its basic sense has been around for centuries (Keller 1998; Aaker & Joachimsthaler 2002). During which time the theories concerning the subject have undergone an astonishing evolution. Branding has evolved from being a simple mark distinguishing goods from those of others, to being one of the most - if not *the* most valuable asset of most major international companies (Keller 1998).

Try and imagine Nike without its logo and Coca Cola without the shape of its bottle - it is impossible. The value of having a strong brand is indisputable, and has been proven empirically time after time.

If seen through the theoretical perspective of the benefits of traditional branding and the methods of contextual exploitation by contextual branding; does a financial crisis still impose a threat? - or a rare opportunity for companies to position their brands within a rapidly changing cultural context?

1.1 Problem statement

Developments in technology and the increasing globalization, are amongst the factors leaving it increasingly difficult for companies to differentiate their products from those of their competitors; parameters such as price, product and distribution are no longer parameters of differentiation, - they are merely necessities for surviving in the long run in a world where the rational buying motives of consumers are being replaced by emotional motives within almost all markets (Jacobsen 1999; Kapferer 2001).

Recent developments within the context as well as within the theoretical framework of branding has in my opinion provided a unique possibility to analyze whether the new aspects of branding are historically justified and viable within the current context; it is these aspects that constitute the general research question of this thesis.

"Describe, discuss and compare iconic contextual branding to traditional branding, and discuss whether such could prove advantageous in the current context"

In order to fully understand the general research question and reach a successful conclusion, a number of key sub questions needs to be addressed.

- Define and outline the theoretical paradigm of contextual and iconic branding, and compare this to traditional branding theories.
- Use this theoretical paradigm and theories concerning cultural trends and developments, to identify a company with a significant iconic brand.
- Conduct a comparative performance analysis with a company in the same line of business, to uncover the potential commercial value of methods of iconic branding.
- With a basis in the theoretical perspective assumed in the case analyses, give recommendations on how the chosen brand should approach the subject of branding during the current context.

2. Method and scientific assumptions

The purpose of the following section is to inform the reader of what general methods within research and theory that has been applied whilst working on this thesis.

Generally, the subject of methodical approaches can be aggregated into three different levels (Darmer & Freytag 1996). The first of which is the science of knowledge which is considered to be of a rather abstract nature, and therefore not applicable nor excessively relevant in describing the methodical perspective of this thesis. However, the second and third level consists of the *method* and *methodical* approach, which are to be considered as the less abstract and more tangible levels of the science of knowledge. Hence the *method* chosen is to be perceived as the general perspective by which the general research problem is perceived, whereas the *methodical* approach describes the specific techniques used.

2.1 General scientific method

Originally, literature concerning the choice of what science to apply when acquiring data, dictates three different conceptions: Positivism, functionalism and constructivism (Darmer & Freytag 1996).

When faced with the choice of which general concept to adopt when conducting research, one can traditionally choose between two different perspectives, the first of which is; taking offset in a specific view of the world and its perceived reality, and thereby let the embedded assumptions of such a view have its effect in the subjectivity of the research.

The second perspective, is to let the problem in question dictate the methods; which is the choice in this thesis. This is due to the fact that the constructive perception of a given problem or reality has its offset in the fact that reality is relativistic in the sense that the perception of reality changes over time and is perceived differently by different persons. This implies that it is impossible to separate all subjectivity from any science or method. Hence how we perceive and apply problems and solutions are highly affected by the context in which we reside.

The choice of a constructive perspective is in line with the core of modern branding, which is focused around individual and subjective assumptions and perceptions. This perspective is clearly advantageous since the general problem and focus of this thesis is on the context. The goal is thereby to seek to apply methods and theories that will provide general rather than specific conclusions to the overall research question of this thesis.

2.2 General Research Method

Under the constraints of the chosen general science of knowledge in the section above, there are generally two different conceptions of how research and knowledge of a specific problem is acquired and analyzed (Darmer & Freytag 1996).

The research can have its offset in existing applicable theoretical models, and by logical research and procedure, conclude on whether or not the assumption and results of the given model is true. Or, it can have its offset in empirical data, and by the use of theory seek to explain and conclude on empirical results.

It is obvious that the choice in this thesis is the latter. This is due to the fact that the context of the present financial crisis is unmatched throughout history. Any attempt to find complete theoretical model which sole purpose is to explain the performance of brands under such uncertain contextual frameworks would surely result in a highly biased result if not a useless one.

Hence the choice of method in this thesis is based on trying to explain empirical results of a selected case, by the subjective and constructive use of theoretical models. The following section describes in more tangible terms what general theoretical perspectives and methods are used in acquiring and analyzing data in relation to the general research question of this thesis.

2.2 Specific Research Methods

Given the general choice of research perspective in the sections above, many different techniques could be applied in order to conduct the research needed to create the foundation for a satisfying conclusion.

These techniques could be characterized as being either qualitative or quantitative. Given the investigative and explanatory nature of the research question and the choice of a constructive scientific theoretical approach, the major part of the research should be conducted through the use of qualitative research methods, such as case studies, future studies and a single questionnaire. However, this thesis will also contain research and data based on historical or quantitative data due to the fact that a historical study is needed to identify potential contextual iconic brands and the performance of these.

The choice of one method does not exclude the use of the other - on the contrary. Research techniques within both categories are used in unison in this thesis - much like the interlaced use of theory and empirical data.

The qualitative research in this thesis relies heavily on one technique; case studies. The data generated through a case study will naturally be more subjective than any information derived from general statistical data. This is due to the fact that the choice of exactly which case to study is made by the conducting entity on the basis of the knowledge he or she possesses, which in return inevitably will induce expectations of what results the study will carry. Such a method as it is used in this thesis is said to be deductive or hypothesis testing (Darmer & Freytag 1996). This method is useful when researching in fields where theory already exists, such as branding.

The rest of the qualitative and quantitative research and data is for the better part based upon published and widely acknowledged material, if any should be considered unreliable or unrealistic in any way, it will be commented upon in the section in which it is used. Any financial data or calculations used in later sections comes from Datamonitor, Yahoo! Finance or the like, and should likewise be considered as correct and reliable.

The following section will briefly introduce the three main theoretical perspectives used.

2.3 Theoretical perspectives

In order to understand the content and structure of the theoretical perspectives of this thesis, a short presentation of the three general theoretical perspectives used is essential. Naturally the nature of the research question entails that a majority of the theory and literature used is centred on branding - but in order to justify the structure in later sections, a separation between what could be defined as "traditional branding" and "contextual branding" must be established; as these impose the two main theoretical perspectives.

The term traditional branding is used throughout the rest of this thesis. It is however necessary to clarify that the theoretical structure behind the term traditional branding, is based on material and theories published more recent than 1970. This might be somewhat misleading since the term branding has been around for much longer; but in order to ensure relevance in relation to the research question and topic of this thesis, it is necessary to tighten the theoretical scope.

The theoretical term of contextual branding is somewhat more recent than traditional branding.

Contextual branding is however more complex in the sense that it draws upon science within culture and psychology to a greater extent than traditional branding. Hence, in order to fully understand and apply contextual branding this thesis draws upon the theoretical aspects from many fields of science and academic research.

The research question of this thesis cannot be answered successfully without the use of empirical- and cultural theory and data. In order to gain the desired insight into the anatomy of a financial crisis and the impact it has on the cultural context and the minds of the consumers, this thesis draws upon literature and theory concerning the subject of financial crises in general.

Furthermore, this thesis draws upon the history of corporate culture and capitalism in order to create the empirical and contextual link between theories of crisis and branding.

2.4 Limitations

The intention of this thesis is to provide a valuable contribution in understanding the link between branding - contextual branding in particular and the performance of companies under certain contextual environments. As this is a somewhat narrow scope by definition, this imposes several limitations on the focus and research within this thesis. These limitations are imposed to ensure a satisfactory depth in focus, while still providing enough scope to establish and conclude on new theoretical and empirical connections.

One limit of this thesis is that the results of the research question and further recommendations are highly dependent on what empirical cases that are used. The purpose of this thesis is therefore *not* to uncover a general recipe for success, but rather to describe how the brand in question should act; given previous performance and the theoretical aspects covered. Hence the results are not to be considered as being applicable in all cases.

Furthermore, the theoretical focus in part two of this thesis is mainly on the general academic perspectives rather than a detailed presentation of specific branding techniques and strategies. This is a conscious choice made in order to get the sufficient width in the theoretical perspectives so that the later comparison and analysis will be based on a sound theoretical assessment.

The general research method assumed in this thesis implies a certain degree of subjectivity – something that is unavoidable. The subjectivity is especially expressed by three factors. The first is the choice and formulation of the general research question – which inevitably imposes

expectations with regards to results and the methods used to achieve such. The second factor adding to the subjectivity of latter sections, is the choice of theoretical perspectives and tools – which given the vast amount of material concerning branding is a result of a selective process. The last major factor contributing to the degree of subjectivity is the conscious choice of what cases to use – which indirectly is dictated by the two points above.

It is clear that the most trendsetting limitation of this thesis is the degree of subjectivity that can occur. Bearing this in mind; criticism and self-scepticism is important aspects whilst dealing with theoretical research and empirical cases in later sections.

2.5 Thesis structure

The choice of the general model of research, the constructivist perspective and deductive research methods are highly influential on the overall structure of this thesis, which can be aggregated into four major parts: Introductory sections, theoretical presentation, empirical case studies and finally analysis and conclusion. Further illustration of the contents of each major section is portrayed in fig. 1 below.

Intro & Presentation	Theoretical presentation	Empirical study & cases	Analysis and conclusion
Introduction	Traditional branding	Case selection	Past performance
Problem statement	Contextual branding	Case analysis	Future performance
Method	Anatomy of a crisis	Case comparison	Conclusion
Limitations	Theoretical comparison		Recommendations
Structure			
Part 1	Part 2	Part 3	Part 4

Fig. 1 - The structure of the thesis, source: own creation

PART 2

3. Branding

The official definition of the term "Brand" is by the American Marketing Association defined as *"a name, term, sign, symbol or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate that from those of their competitors."* (Keller 2002). The reason for this broad definition is that it seeks to describe a

theoretical term that has evolved immensely over the past century. Branding in its most basic sense was first introduced as a method for physically marking products and livestock in order to distinguish it from that of the competitors - hence the name "branding", which stems from the Old Norse word "brandr" - to burn.

As corporate history evolved, so did the term branding and the ways of how it was used and applied. Brands started to become associated with certain *product qualities, reputation* and *values*. It is believed that one of the first of such significant multifaceted brands was that of Wedgwood - a British pottery who's brand became synonymous with innovative colouring and design by the name "Queen's Ware"(McGraw 1997). Wedgwood still exists and thrives on their brand created more than 200 years ago. One of the early famous Danish examples is that of Lurpak and the "Lur" brand. Butter marked with the special "Lur" brand was instantly associated with Danish quality butter - A brand that also exist today, see appendix 1 for illustration.

Throughout history companies quickly became aware of the importance and commercial potential of strong brands. The term of branding has evolved continuously towards becoming an integrated part of the greater identity of companies. It was however not until the late 1980'ies that branding as a general tangible method for leading companies was acknowledged (Keller 2002). Since then, the term of branding has become one of the most important assets in many companies, its influence seen in everything from the corporate identity, employee politics, leadership and product appearance. The following sections seek to present the most important theoretical aspects of "traditional branding" from this era.

4. Traditional branding

As mentioned above, the term "traditional branding" might be somewhat misleading, as branding itself is centuries old. However if seen in the light of recent developments within this theoretical paradigm it *is* most fitting, that theories that are no more than two decades old can be considered traditional.

In order to gain understanding in any field of theory, it is important to understand the general accepted conceptions by which such theoretical field are defined. The definition of branding is a static one.

The existence of different definitions of the term is a testament to the fact that branding is not a fixed theoretical term; but instead highly dependent on the underlying assumptions and general theoretical perspective assumed when assessing it. To fully understand branding, one

must apply theoretical aspects from several different schools of research such as sociology, economics, psychology and marketing. Bearing this in mind, the following sections seek to provide an objective theoretical foundation.

4.1 The concept of Brand value

Despite widespread discussions of the theoretical background, there is no doubt that successful branding and strong brands have a positive effect on the performance of a given company. Most of the research conducted within the field of branding agrees on the overall beneficial effects of successful branding (Keller 1998):

- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic response to price increases
- More elastic consumer response to price decreases
- Greater trade cooperation and support
- Increased marketing communication effectiveness
- Possible licensing opportunities
- Additional brand extension opportunities

Although most agree on the general benefits, they have different perspectives on how to categorize or explain these effects. Kevin Lane Keller categorizes them accordingly: *Product effects*, *price effects* and *communication effects*. Alternatively, Ian Lewis describes how they should all be perceived as either *growth* - or *profit effects*.

In addition, it is interesting to observe the difference in opinions concerning the general reasons or origin of the general benefits - whether these are results of the effect that strong brands have on the perceptions and reactions to marketing activities by the consumer (Keller & Hoeffler 2003); or if it is due to the possible advantages within the marketing mix that a strong brand can provide (Yoo et. al. 2000).

The many perspectives and perceptions on the effects of a brand and the origin of such effects can despite their differences be summarized by one theoretical aspect - *brand equity* (Keller 1998). However, the concept of brand equity is to some extent a subject of debate itself.

In the theoretical world of traditional branding, three different streams of academic research have defined or conceptualized the term of brand equity: psychology, economics and biology & sociology (Keller 2002). Despite the obvious difference in perspective, they all roughly agree on the fact that brand equity is the "more value" perceived by the costumer when presented with a product backed by a strong brand, as to when compared to a product without any significant brand association.

4.1.1 Psychological approach

The psychological perspective for assessing brand equity and branding in general has its academic offset in theories of cognitive psychology - concerned with explaining the effects of branding by cognitive and associative network memory models (Keller 2000). In other words, consumers categorize and memorize products **and** brands based on cognitive and emotional assessment of attributes, rather than on logical or rational reasoning (Keller, 1998; 2003; Loken & Roedder 1993).

Although agreeing on the general perspective of psychology when assessing brand equity, different researchers have applied different approaches in attempting to understand and explain the phenomena. Most of the research done by Keller on the matter of brand equity is conducted with a heavy focus on consumer behavior (Keller 1998; 2000; 2003), and so he defines costumer based brand equity (CBBE) as: "*The differential effect that brand knowledge has on consumer or costumer response to the marketing of that brand*"(Keller 1998)

Keller's conception of brand equity relies heavily on the notion of brand awareness and brand associations, which are key concepts in building and maintaining CBBE. Keller's definition of CBBE is moderately simple and precise, but his theoretical models supporting this definition are more complex. However a general model displaying the concept of CBBE that emphasizes the importance of the relationship between costumer and brand has been established (Keller 1998; 2002; 2003), and is illustrated in fig. 2.

An interesting theoretical perspective within the psychological approach in relation to this thesis is that of David Aaker. Aaker approach brand equity and branding in general from a managerial perspective. Hence, most of the research and published material is concerned with describing the importance of including considerations of branding in most aspects of a company. Aaker defines brand equity as consisting of 4 separate parts that represents either assets or liabilities for a given brand, symbol or company: *brand awareness, perceived*

quality, brand associations and brand loyalty. Aaker also emphasize the importance of the relationship with the consumer (Aaker & Joachimstahler 2002). This is particular evident in the definition of the theoretical concept of "brand identity" - in which he endows significant importance. Brand identity consists of twelve separate concepts categorized within four general perspectives that companies need to build and maintain in order to: "...Establish a relationship between the brand and the consumer by generating a value proposition involving functional, emotional, or self-expressive benefits."(Keller 1998).

However, Aakers definition of brand identity is a static one contrary to several new perspectives, which is seen in his description of core identity: "The core identity is most likely to remain constant as the brand travels to new markets and products..."(Aaker & Joachimstahler 2002). The Aaker conceptualization of brand equity is also portrayed in fig. 2.

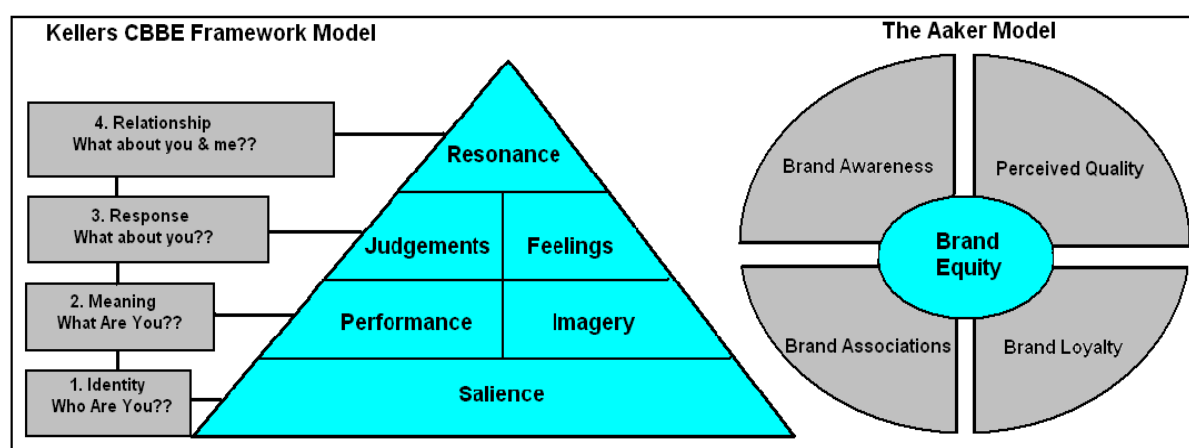


Fig. 2. - Conceptions of brand equity. Source: Constructed from original models from Keller 1998 and Aaker & Joachimstahler 2000

The models of Keller and Aaker are in relation to this thesis considered as cornerstones in the theoretical concept of traditional branding - and are used extensively throughout the remaining sections as well as for explaining crucial elements within the concept of contextual branding.

4.1.2 Economical and Sociologic approach

As most of the focus within the theoretical aspects of Keller and Aaker are based on the psychological perspective described above, this section on the economical and sociologic approach will be rather short and restricted. Leaving these 2 academic approaches out when describing traditional branding, would however be a mistake as they both contribute significantly to the general theoretical paradigm. Furthermore, the theoretical and academic borders separating the 3 perspectives are blurred.

The academic approach defined as being economical is different from the psychological approach in the sense that it relies *less* on behavioral aspects of the consumers, and more on the rational economical arguments of free markets and asymmetric information (Keller, 2002).

The contributions of Erdem and Swait (1998) is an example of a economical/rational approach of brand equity, as they consider brands as tools for informing and signaling consumers on attributes and aspects of products and companies, thereby reducing the need for information and research of the consumer. They still consider brand equity as being based on a relationship with the costumer, as a result of credibility rather than cognitive and psychological aspects (Erdem & Swait 1998).

The biologic and sociologic perspective is interesting and important in relation to this thesis, as the concept of contextual branding explained in later sections has part of its theoretical background in this school of branding. Compared to the psychological and economical perspectives, the social perspective does not focus solely on the two-way relationship between the consumer and the brand. Instead, the focus within this perspective is on the broader general cultural and anthropological importance of brands - in the sense that the popularity and success of brands are due to cultural and social trends, rather than the attributes and quality of products and companies (Keller 1998; McCracken 1993; 2005; Holt 2005).

It is evident that the three different academic approaches differ in their theoretical perspectives and the assumptions that these imply. However, it is obvious that they all agree on the basic benefits and effects that having a strong brand entails. Hence, the different perspectives should be seen as different paths to a common destination, whereas different scenarios and different contexts would require emphasis on any of these three perspectives. Bearing these similarities in mind, I believe that the original CBBE framework for building costumer based brand equity proposed by Keller, with a strong focus on the costumer relationship is a suitable general model for displaying the theoretical paradigm of "traditional branding". Further attributes of the CBBE framework is illustrated in fig. 3.

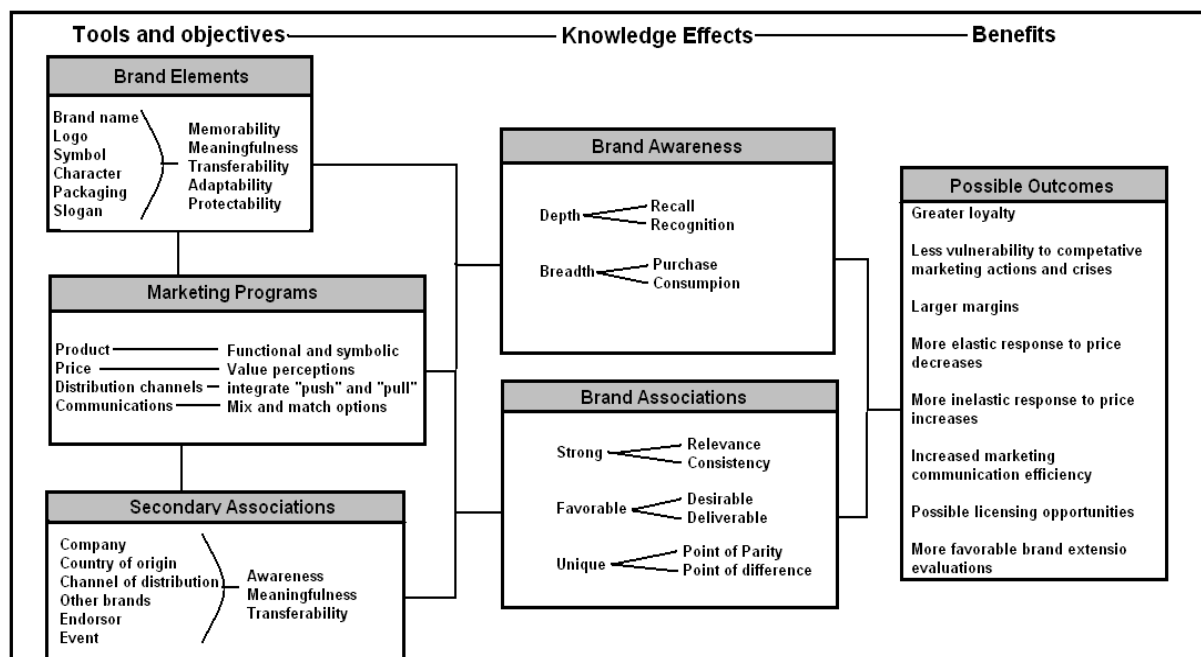


Fig. 3 - Building customer based brand equity, Source: Building, measuring and managing brand equity, Keller L. Kevin, 1998, page 69.

4.2 Measuring brand value

Naturally, the different academic approaches of the subject of brand equity have aspired several different ways of how brand equity is observed and measured. Keller and Lehmann (2006) prescribe that brand equity should be measured and investigated at three different levels: *costumer*, *product* and *financial*. The first of these approaches is the costumer based approach, where *"The value of a brand - and thus its equity - is ultimately derived from the words and actions of consumers"*(Keller & Lehmann 2006). Hence the value of a given brand is by this approach measured implicitly or explicitly by the knowledge and associations of a brand in the minds of consumers. Although this might appear rather abstract and hard to measure, several models have been developed to capture and measure these aspects, e.g. the AIDA model¹ and commercial models such as BAV² and the similar BrandZ database³-models that all result in vast commercial databases. Such costumer equity based models are largely derived by focusing on different emotional areas like those illustrated in the Aaker model in fig. 2 organized in a chain or a hierarchy (Keller & Lehmann 2006).

When assessing the value of brand equity on the product level, researchers have focused on studying the differences in price premiums, price elasticity and sensitivity to competitors' reactions (Keller & Hoeffler 2003). Numerous empirical studies supports the correlation

¹ Awareness-Interest-Desire-Action

² Brand Asset Valuator, www.brandassetconsulting.com

³ www.Brandz.com

between leading brands and the beneficial tendencies mentioned above. However, it has been debated to what extent brand equity can be accredited for such effects or if the correlation is the result of other determining factors (Keller & Lehmann 2006).

A third approach for measuring brand equity is based on models that study and interpret financial performance. Two popular indicators of financial performance used in such a way are Tobin's Q and incremental cash flows, which accrue to branded products over unbranded products. When applying these methods, researchers seek to measure, define and explain the components of market value *unexplained* by financial assets (Keller 2002; Barth Et. al 1998; Simon & Sullivan 1993).

As it was evident in the conceptualization of brand equity, the subject of measuring and defining the value of brand equity is highly dependent on the academic perspective applied. The following section reflects on how the benefits and the value of branding are reaped, by describing the core theoretical elements of brand building.

4.3 Traditional Brand Building

According to researchers it requires considerable effort and focus on a wide scope of tangible and intangible aspects to build a brand from which benefits will transpire.

Keller considers the term "brand elements" as a general description of the tangible physical "trademarkable" markers by which a brand or product is physically defined; such as logos, design and packaging, see fig. 3 (Keller 1998, 2002). Of more importance in this context, are the criteria for *selecting* and *designing* successful brand elements imposed by Keller: Meaningfulness, memorability, transferability, adaptability and protectability (Keller 1998).

Countless studies have been made to illustrate the importance of tangible aspects, ranging from the choice and combination of letters,

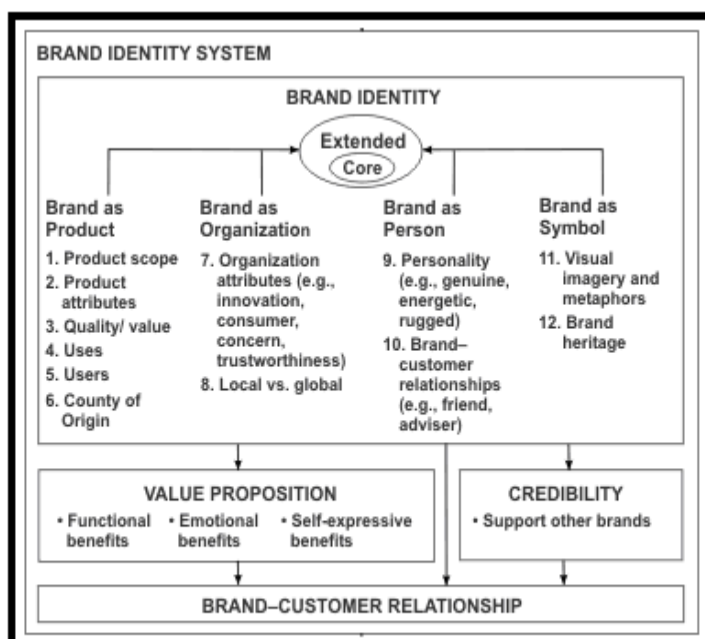


Fig. 4. Part of the brand identity planning model. Source: Aaker & Joachimstahler 2002, p. 44

to the cultural and semantic implication of certain names and different values imbedded in these (Keller 1998, 2002).

Aaker and Joachimstahler have similar - but more radical views on how the tangible and intangible aspects of a brand should be considered and separated. Their perspective is evident in their term of brand identity - and the related holistic strategic model of *brand identity planning*, a part of which is seen in fig. 4.

They propose that brands are built and maintained by focusing on the core - and extended identity of a brand; resulting in a value proposition consisting of both tangible (functional benefits) and intangible (emotional benefits).

Keller has similar views on the aspect of brand intangibles, and agrees on the importance of brand personality as seen in fig. 4. Brand personality is considered to be the human traits of a given brand, by which a relationship with a costumer can be established - a key element in all branding models within the customer based brand equity perspective.

Whether the intangible aspects of brands are defined as the knowledge effects of the CBBE model, or parts of the extended brand identity in the brand identity model; the value of such aspects is undeniable- and given the fact that such intangible aspects gain their value in the unique mindsets of the consumers - the possibilities are countless. One particular interesting intangible aspect in relation to this thesis and latter sections on contextual branding is the recognition of "brand communities".

Within the theoretical paradigm of traditional branding, Muniz & O'Guinn defines a brand community as "... *a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand*"(Muniz & O'Guinn 2001). Such communities have an immense impact on the set of values and the moral and behavioural aspects of consumption by consumers.

The existence of such social communities centred on one or more brands is a cornerstone in the theoretical perspective of iconic- and contextual branding introduced in later sections.

4.4 Leveraging the brand

Having chosen the brand elements and general marketing programme, the stage is set for leveraging the brand equity by methods such as brand extensions and brand associations. Keller describes secondary brand associations as being the possible link between the brand and other entities that have their own knowledge structures in the minds of the consumers.

This might in some cases result in the transfer of consumer responses and associations from one entity to another; hence if done successfully, one brand can "borrow" or "steal" brand knowledge or even brand equity from another entity (Keller 2002). This process has by McCracken been described as "meaning transfer."

These sections focus solely on the general topic of brand extensions and co-branding - both of which are related to all the factors within the list.

4.4.1 Brand extensions

The subject of brand extensions has since the introduction of brand equity been the subject of immense research. The exact definition of brand extensions relies on the academic and theoretical perspective by which branding is perceived. The research on consumer brand extension attitude formation by Keller and Aaker (1992) suggest the definition: "*The use of an established brand name to enter a new product category*"(Aaker & Keller 1992), by this definition, the benefits of brand extensions are obvious - companies can, if applied successfully, avoid the costs and risks associated with building a new brand, by convincing consumers that the positive attributes associated with the original brand are relevant to the new product/brand (Aaker & Keller 1992). According to Aaker and Keller, the success of brand extensions is determined by three factors:

1. "... **Attitude** toward the original brand" - which in the theoretical paradigm could be defined as the amount of brand equity.
2. "... **fit** between the original and extension product classes"
3. "... **perceived difficulty** of making the extension".⁴

The advantages of brand extensions are numerous and rather obvious, but if the perspective of Aaker and Keller above is assumed when assessing how to successfully leverage brand extensions; it becomes clear that conditions for successfully transferring a brand across different product lines, impose barriers.

Many researchers have turned their attention to studying the potential reverse and negative effects that can occur if brand extensions fail.

One of the most interesting aspects of disadvantageous brand extensions is the potential negative impact on the parent brand. Aaker and Keller conducted an empirical study, that

⁴ All three quotes are found at: Aaker & Keller, 1990, p29

suggested that the consumer perception of a given parent brand was *not* affected by negative attitudes or incidents towards sub brands (Aaker & Keller 1990). More recent studies by other researchers have however questioned the validity of these findings (Barrett et. al. 1999). In addition Keller recognizes the so-called dilution effects of parent brand image in his later publications (Keller 2002). Martinez and Chernatony (2004) introduces a brand extension perspective in which the brand image is classified by two types: the general or parent brand image, and the product brand image. They suggest that if the brand name is strong enough as e.g. Nike or Sony, the negative implications on brand or product extensions will cause no extensive damage on the general brand image - hence "*...the dilution effect is greater on product brand image than on general brand image*" (Martinez & Chernatony 2004). It is evident that the results of these studies vary depending on the context in which they were conducted.

Later sections will discuss the importance of such contextual and cultural aspects in explaining why some companies such as Virgin, can extend their brand across a seemingly limitless amount of lines of business, whilst other types of companies have failed in doing so.

4.4.2 Co-Branding

Closely related to the subject of brand extensions, is the topic of co-branding - a branding method that since its introduction has become increasingly popular. The list of secondary associations by Keller presented in the section above, illustrated how interaction between brands can leverage the brand equity of one *or both* the brands; which is exactly what co-branding seeks to achieve.

Brand alliances and co-branding in general is no new aspect in the world of branding; the ways in which it is applied have however evolved in recent years. Traditional brand alliances was typically between brands within the same industry, e.g. different companies within the food or snack industry would combine products. Examples of such are the collaboration of McDonalds and Nestlé in periodically launching products like the McFlurry with Smarties. A example could be that of Marabou and Daim. Both examples are illustrated below.



Fig. 5 - Examples of Co-Branding, Source: Own creation

In recent years, co-branding between companies and products within widely different industries have become popular. An example of such is the strategic alliance of Starbucks and Apple in 2006; in which popular music from Starbucks cafes became available in a special feature in iTunes⁵. On first glance, an alliance such as this seems to lack fulfilment of the criteria of fit and transfer between products - described in section 4.4.1.

However, if the transfer is focused on the *intangible aspects* of brands and brand identity - an alliance such as that of Starbucks & Apple starts to make sense, as many of the secondary associations and the extended identity are focused on the lifestyle and image of its consumers. The result is a fit between the *brand identities* rather than a fit between products. In recent studies Batra et. al. empirically illustrate this point.

4.5 Corporate vs. product brand building

It is clear that the sections of traditional branding covered so far have distinguished between internal, external, primary and secondary brand elements. Furthermore, theories of Aaker and Keller described how these traits were associated with the physical product as well as brand intangibles. In recent years the term of corporate branding has been gaining a foothold as general theoretical term that covers all these aspects of branding.

It is evident that the term of traditional branding used throughout this thesis is *not* just defined as being focused on product branding - the theoretical paradigm encompass several aspects relating to the holistic and identity based view on branding; which further underlines that the following theoretical proceedings concerning contextual branding is *not* to be perceived as an

⁵ <http://www.apple.com/pr/library/2006/oct/05starbucks.html>

alternative theory, but rather as a evolutionary theory - derived and created from principles according to "modern traditional branding".

This section concludes the sections concerning the presentation of "traditional branding". The subject of branding is as mentioned earlier a vast theoretical subject. The choice of theoretical topics presented is a result of the my assessment of relevancy in connection with the general topic of this thesis.

In addition, the topics of the theoretical sections so far, was chosen due to their relevance to the second main theoretical aspect of this thesis - Contextual and Iconic branding

5. Contextual iconic branding

Previous sections have sought to describe general aspects of traditional branding. The proceedings in following sections are somewhat different. These sections are dedicated to describing the concepts of *one* recent branch of branding - namely contextual iconic branding. Although contextual branding should be considered as an independent theoretical framework, the reader must keep the aspects of traditional branding in mind - as it is from these that the theories of contextual branding has emerged. The core theoretical aspects of contextual branding presented in these sections, are those presented mainly by Douglas B. Holt, supported by additional theoretical aspects.

In accordance with the previously described general research method of this thesis in section 2.2 - the purpose of the following sections is double sided, as they serve the purpose of providing the necessary theoretical insight needed to identify relevant empirical cases - as well as serving as the theoretical tool by which these cases are later analyzed.

5.1 Icons as brands and brands as icons

Naturally, the development in branding has always been closely related to that of other schools of academic research and social science. It can be argued that the first seeds of a need for a different type of branding were already planted by Levy in the 1950's with his notion that the product no longer was the only entity consumed - symbols and brands were perceived as equally important (Levy 1959). The scope of branding has been increasing ever since, encompassing both the marketplace and the social landscape, transforming such into a commercial "brandscape" (Salzer-Mörling & Strannegård 2004).

One of the most recent and complete theories based on these "new" views of consumption and branding, is that of Douglas B. Holt - concerned with contextual branding.

Contextual and iconic branding as presented by Holt has its offset in the notion of icons and exploration contextual and cultural trends.

History has shown that cultural icons can be anything or anybody - ranging from persons such as Oprah Winfrey, David Beckham or Barack Obama, to companies such as Virgin, Nike, Apple and even buildings such as the Statue of Liberty or the Empire State Building. In other words - icons can appear in any form within any given context. The typical dictionary definition could be: "*a person or thing regarded as a representative symbol, especially of a culture or a movement; a person or an institution considered worthy of admiration or respect*" (Oxford English Dictionary 2010), which put short, according to Holt, could be expressed as "*...cultural icons are exemplary symbols that people accept as a shorthand to represent important ideas.*" (Holt 2004) These definitions gives an impression of the potential impact on consumers, but no clue as to how such icons are created, maintained, exploited; and of special relevance to the subject of this thesis - how this relates to branding.

The existence of icons dates back as long as human history. Originally, icons were created as products of religion and myths. But as with the subject of branding; the catalysts behind the emergence of icons have undergone drastic evolution (Holt 2002, 2004). From being the products of myth and religion, - to becoming precisely calculated commercialized products, appearing in most industries, ranging from sports to politics.

Academic research of culture, anthropology, sociology and history have analyzed *why* icons have come to posses such massive importance in societies all over the world. Amongst the results was the notion of how cultural icons imply and carry certain cultural stories; defined by Holt as identity myths (Holt 2004); myths that consumers use to address and identify with in order to define and justify their own personalities and identities. Hence, the value of icons resides in the symbolic value. The research of Holt seeks to illustrate why and how some of the most successful brands in the world have been build and commercialized in accordance with century old principles of icons (Holt 2002) – **Enter icons**

5.2 The contextual definition of a brand

In contradiction to the fundamentals of traditional branding, contextual branding does *not* consider names, logos and design as elements of a brand; these are mere empty markers (Holt

2004). A brand does not truly exist in a given context or in the minds of consumers before these physical markers are filled and associated with stories, myths and consumer experiences. Holt generally defines four sources from which such stories and myths are generated:

- Companies
- Culture Industries
- Intermediaries
- Consumers

Furthermore, he states that marketers and researchers in general perceive branding as a psychological phenomenon - solely based on the *individual* assessment of the given product or brand. In the world of contextual branding, the strength of a brand reside in the *collective* denominators of such perceptions; hence it is the general context in which a brand resides that becomes dominant in the relationship with consumers - **Enter context**.

Having showcased the importance of **icons and context**, a general term for further use in relation with this thesis can be defined. For the sake of simplicity, the term contextual branding will be used henceforth, and should be perceived as a holistic theory regarding the aspects of contextual, iconic and cultural branding.

5.3 The contextual strength of brands

While agreeing on the general benefits associated with having a strong brand, the theoretical paradigm of contextual branding has a different assessment of what the catalyst for reaching such benefits are, as well as how weak or strong brands are defined.

Researchers in traditional branding agree that the strength of a given brand can be defined by the term brand equity - previously described in section 4.1. However, Holt defines the strength of a brand by the term identity value (Holt 2004). This term describe the degree to which a brand is perceived as important in relation to the identity of a given consumer. This concept - as presented by Holt, results in a classification of brands, ranging from identity brands to genuine cultural icons. This framework is seen in figure 6.

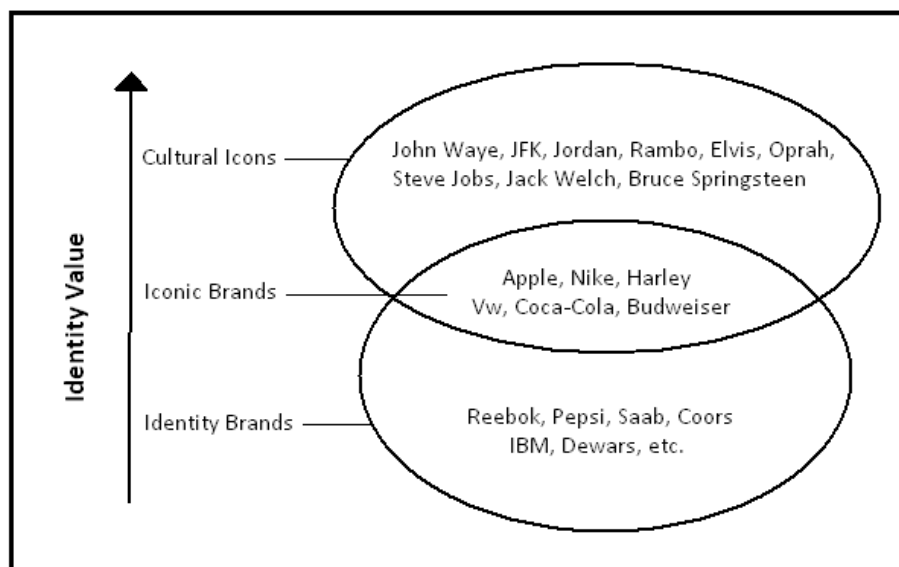


Fig 6, Iconic brands are brands that have become icons, source: Holt 2004, p. 4

It is evident, that this framework does not encompass all brands - seeing as identity brands illustrated in the bottom, are still considered more valuable than conventional brands - hence, the theoretical paradigm presented in these sections, should be considered as a theoretical tool for analyzing why certain brands perform *exceptionally* well under different contexts - even a financial crisis.

By definition, a brand becomes an identity brand as soon as consumers value the brand for what it symbolizes, rather than for what it does. An example of which is when consumers visit Starbucks in order to feed of and portrait the lifestyle that emanates from the restaurant and the concept of a third place⁶. The brand becomes an object by which consumers seek to create their desired identity - by "clothing" themselves in the myths, associations and values of the desired brand (Holt 2004).

In line with the theoretical views of Holt, Fournier (1998) describes how the perception of brand identity should be taken one step further. According to Fournier, a brand should be perceived as a person with whom consumers have a relationship.

If successful, the best of brands communicate so much identity value, that they achieve iconic status - see fig. 6. Once iconic status is achieved, the given brand is seen as an institution in

⁶ The concept by which Starbucks define themselves and their restaurants; not at home, not at work - but somewhere in between.

society from which myths and identities are created and "fed" on by not only consumers, but also smaller and less significant brands.

Having established the contextual and cultural concept of a brand, it is interesting to examine and define the factors and processes by which iconic brands are created - which is essential for identifying and analyzing the empirical cases in later sections.

5.4 Building Iconic Brands

The following sections seek to provide an overview of the elements of brand building within the theoretical paradigm of contextual branding. As seen in fig. 6, the basis of all iconic brands is the notion of identity value - for which the actual physical product has no significant importance; identity brands compete on myth markets (Holt 2004). To many marketers and researchers, this is a controversial statement, which from a traditional theoretical point of view is hard to grasp; how can major brands be build on cultural briefs, contextual contradictions, fictive myths and stories? To understand this, one must first understand why such factors have become so appealing to consumers, shifting of the "arena" of competition towards myth markets.

5.4.1 The structure of myth markets

Myth markets is the stage upon which identity brands compete (Holt 2004) - the structure of these is unlike that of any traditional markets, which are often defined by either products or/and industrial clusters (Porter 1998). Myth markets are defined as being composed by three separate "building blocks": *National Ideology*, *Cultural Contradictions* and *Populist worlds*. The structural interaction of these is seen in fig. 7.

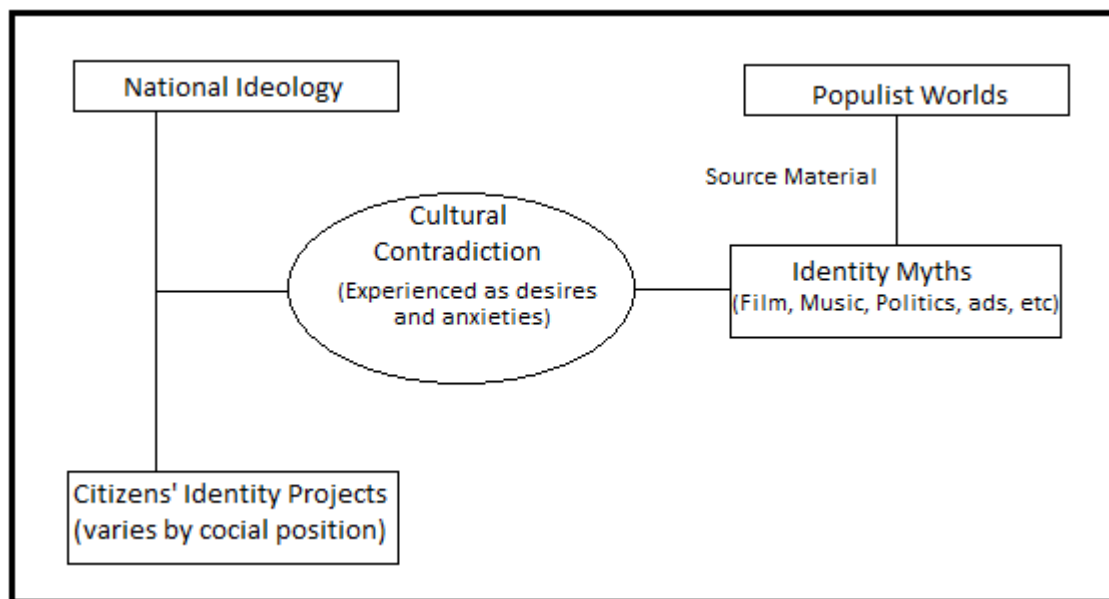


Fig. 7, The Structure of a myth market, Source: Holt 2004, p. 58

In order to understand the implications of the interaction of the three "building blocks", one must first understand the concept of these.

5.4.2 National Ideology

The nationality of a given brand is extremely important, as this implies more associations than just those of flags and languages. Nationality imposes a general framework, including a moral consensus, institutions and different sets of values - by which the rooting factors in the identities of the inhabitants and consumers are defined (Holt 2004).

The nationality is by Holt considered to be the fundamental aspect in forming the general moral imperatives, that propel people and consumers to pursue national goals as they seek to create identities that meet the society's definition of success and respect. These findings are supported by Batra et. al. (2009) according to whom the nationality of a given brand greatly influence the choices of consumption made by consumers.

Expressing a national ideology is not a question of declaration; - the ideology of a nation is created and maintained by a number of often critical historical myths - of which the most important are the ones that are concerned with how citizens are linked to the so-called "Nation building project" (Holt 2003, 2004). This is important not only in relation to the citizens of a country, but also to the creation of the "external national ideology" with which foreign consumers might choose to identify (Batra et. al. 2009; Holt 2004)

The conceptualization of the importance of national identity might seem somewhat abstract. An example, is that of the American national ideology.

Few people can claim *not* to have associations of USA when confronted with names and brands such as Coca-Cola, McDonalds and Ford. These iconic brands all tap into the national identity of USA in their own ways; e.g. the history of Ford portray the national values of individual success, manhood and superior industrial power (McGraw 1997) - resulting in a conscious and unconscious association between brand and national ideology. However, such associations does not appear out of thin air; they are the results of cautiously planned marketing and the creation of myths; - myths that throughout time have become part of the national ideology itself and thereby seen as authentic.

As mentioned above, some myths created and aspired by major companies, can if very successful be traced in the national identity of a given country. According to Olins (1999), such occurrences are atoned to the phenomena by which companies and nations are trading identities with respects to branding. The reasons for this recent development, are according to Olins that major international companies are still growing in power and influence. At the time of his research (1999), Olin found that 46 out of 100 of the world's largest economies were companies *not* nations. Secondly, due to the increasing rate of globalization and international competition, nations are forced to focus on inward investment, tourism and export (Olins 1999). Hence soft areas such as social security and responsibility are now being addressed by companies at an increasing scale.

It is safe to say that nations and companies are dynamically interdependent and that national identity is important in all contexts.

5.4.3 Cultural Contradictions

The ways by which the identity projects of consumers relate to national ideals vary greatly within different societies in any given context. Nowhere is this more evident than in the USA. Few would agree that the perception of the definition of the national ideology by an inhabitant in Eureka Springs AS⁷ is the same as that of an inhabitant in New York City. The reason *why* the different individual identities in the country relate to the national ideology, is according to Holt due to the existence of so-called *cultural contradictions* (Holt 2004, 2003).

⁷ Small town in Arkansas, chosen randomly but specifically to represent a typical small "hillbilly" town

Cultural contradictions are the results of the demand for a symbolic resolution needed to help "smooth" the tensions in the process of creating identities. In other words; cultural contradictions help fuel myths designed to justify the individual identity in relation to the national ideology - hence its position in the myth market framework, see fig. 7. Cultural contradictions play a central role in the creation of myths in society. But as with most concepts in the world of branding, cultural contradictions evolve and change over time - thereby changing the associated myths within the context; which in return fuels the need for a constant dynamic focus in order to maintain the desired position within the cultural brief and populist world.

Such changes are eminent when so-called cultural disruptions occur. Cultural disruptions are major changes in the contextual environment that changes the general consensus and in some cases even national ideologies (Holt 2004). An example of such a disruption is the ongoing financial crisis. This crisis has changed the way most people perceive the financial context. Thus, cultural contradictions within this paradigm are perceived as threats *as well* as opportunities.

5.4.4 Populist Worlds

Whilst cultural contradictions serve as an intermediate in the interactions between the individual identities and ideology; populist worlds serve as the raw material from which myths are built. Holt defines a populist world as: "*... groups that express a distinctive ideology through their activities*" (Holt 2004). Populist worlds are considered as "potent cultural institutions" due to the degree of authenticity they emanate to the "outside world", which stems from three different characteristics (Holt 2004, 2002):

1. Populist worlds are folk cultures- voluntary and not imposed.
2. Activities in populist worlds are intrinsic valuable to the participants; hence the value perceived is not regarded as external benefits or the like.
3. Populist worlds are set in places removed from politics and commerce, hence removing the doubt of an alternative agenda.

These three points all add to the perception of authenticity, but as populist worlds grow, so does the attention they get and their commercial potential; often resulting in a conflict in point three above. A perfect example of where such developments and deterioration of populist

worlds take place, is within the music industry. Here, previous underground bands lose their authenticity as their popularity grows and leaves them "mainstreamed"

In relation to populist worlds and the internal structure of consumer groups, Holt define three different groups of consumers surrounding brands (Holt 2004): Insiders, followers and feeders. These three groups all interact, draw upon, and contribute to the context surrounding a brand. Furthermore, the *internal* relationship between these groups is also highly influential on the surrounding context - thereby affecting the creation of myths and the degree of loyalty these impose. Figure 8 and the following sections below illustrate the importance of these three constituencies.

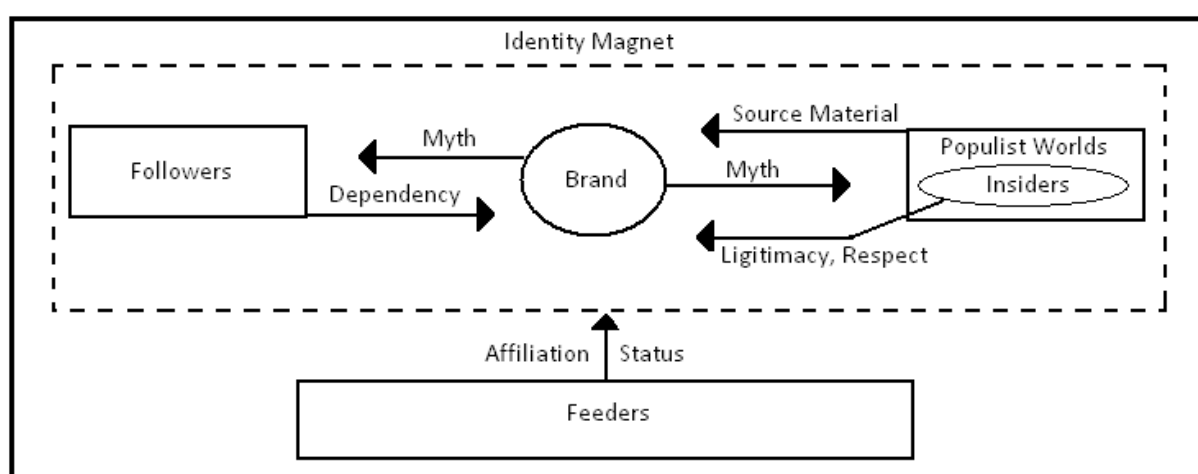


Figure 8, Brand Loyalty is a product of the social network, Source: Holt 2004, p. 140

Followers

Followers are within this terminology considered as the group of consumers which identify with the myth of a brand the strongest. This group relies on a given myth to satisfy their everyday desires and anxieties (Holt 2004). As a result of this dire need for myths, followers become dedicated and infatuated with the target or provider of myths - the brands. The followers constitute much of the basis for the iconity of brands - and their degree of loyalty is substantial. However, they are not to be considered as blind followers - they only turn to a given myth for identity value as long as such is considered authentic in their social context.

When contexts change and shirk, so does the desires and anxieties of the followers.

What was previously considered morally correct and authentic in a community of followers, can turn around in a short span of time. When using these theories for identifying and analyzing empirical cases in later sections, it is important to acknowledge and consider the

fact that contextual changes such as a major financial crisis can have a major impact on the contextual environment surrounding a brand.

Insiders

As seen in figure 8 above, a second important group of consumers in a brand's vicinity, is the insiders. As the name suggests; insiders are the "gatekeepers" or/and founders of populist worlds. Seeing as brands usually seek to tap into existing populist worlds, the interaction between brand and insiders is crucial; foremost due to the fact that the loyalty of followers depend on the accept of the brand by the insiders of the given populist world, as it is these that provide the authenticity on which the brand and its associated myth is dependant.

Holt conducted an empirical study of the brand of ESPN, in which the separation of insiders and followers was especially clear; furthermore, insiders only accounted for around 10-20 % of the consumers, who were viewed as experts in sports by their immediate surroundings, and *"Insiders work extra hard at their mode of watching sports to build a boundary between themselves and mere spectators."* (Holt 2004).

Hence the intrinsic value enjoyed by insiders, is a result of their exclusivity and role as experts. When a populist world becomes "flooded" or overpopulated, these statuses disappear deteriorating the authenticity of the populist world, damaging the associated myths.

Feeders

Feeders is the group of consumers that Holt denotes as the *"cultural parasites"* (Holt 2004). They thrive superficially on the values and social status of a given icon or populist world. In other words, they emulate membership of a given populist world, and are therefore loathed by the insiders who created it.

Feeders are the most profitable group of consumers in the brand community. They stay loyal to the brand as long as the identity value of such is sufficient. It is evident that Holt's definition of a brand community differs from that of Muniz & O'Guinn (2001) in the sense that his definition of the different groups *within* a community provides valuable explanatory information on the interaction between the different constituencies; the value that each constituency finds in the brand also relies on the relationship of the other two.

Feeders stay loyal as long as the followers bestow the brand and myth with identity value; in return, followers only do that as long as the authenticity of the insiders is preserved. Although insiders resent the idea of having their populist world invaded, they also rely on the feeders and followers to provide the status and feeling of being experts.

According to Holt and Muniz & O'Guinn, brand communities are bestowed with the potential to enhance the loyalty of costumers. Thompson & Sinha (2008) have taken the study of the implications of such loyalty one step further. Their study examines the effect of loyalty in the opposition to opposing brands and products, as well as new products from the "admired brand" (Thompson & Sinha 2008). They found that longer-term membership of a brand community increase the likelihood of opposition against competitive brands, and increase the rate of acceptance of new products from the admired brand. These findings are compatible with Holts definition of the three different consumer groups above; assuming that the term of membership in a given community- or populist world by an "insider" is considerably longer than that of a "feeder".

Furthermore, Thompson and Sinha examined the effects of overlapping memberships in different brand communities; something not quite captured by the previous studies by Holt and Muniz & O'Guinn. Surprisingly, they found that higher participation in overlapping brand communities might actually increase the likelihood of adopting products from rival brands (Thompson & Sinha 2008). This is due to factors like broad brand knowledge; and more importantly- overlapping identities (Brown 2000). The existence of such can prove hard to uncover through market surveys but remains something that brand managers must consider nonetheless.

The complexity of the interaction and behaviour of brand communities and the imbedded groups of consumers, entails that in order to be successful over a longer period of time, a company must continuously adapt and shift their associated myths so that the exclusivity of the populist worlds is not forsaken.

5.5 Culture, consumption and the transfer of meanings

It is evident from the description of contextual branding so far, that the theoretical paradigm has abandoned classic assumptions of economical behaviour and Homo Oeconomicus; and that the true value of contextual branding according to Holt, lies in the alignment and transfer of associations, meanings and values between cultural and contextual institutions, the brands and consumers.

Such conceptualization might seem somewhat abstract, in the sense that it offers scarce insight as to *how* such successful transfers take place and *why* such create so immense contributions to the potential value of and loyalty to a brand.

The research by Grant McCracken offers such insight into the mechanics of the underlying factors of contextual branding; the following sections are dedicated to illustrating this.

5.5.1 The significance of culture

"... man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretative one in search of meaning." (Geertz 1973). This quote by Geertz illustrate McCracken's' view on the significance of culture. Whereas Holt's full attention is on the concept of branding, McCracken is concerned with material culture and the relationship between culture and consumption - thereby adding unique complementary knowledge to the framework of cultural and contextual branding.

The general conception of McCracken is; that culture is the lens through which we perceive the world; culture constitutes the world for inhabitants by adding relative cultural categories and significant meaning. He perceives a brand as a bundle of meanings, organized in relation to these categories (McCracken 2005).

The concept of cultural categories is important in understanding the mechanics of contextual branding and transfer of meanings. According to McCracken, each culture creates and defines unique cultural categories, which are then realized and enforced by unique patterns of consumption, e.g. clothing, food and transport etc. (McCracken 1986, 2005). The reason as to why certain objects enforce and define the existence of cultural categories is the concept of meaning transfer.

5.5.2 Meaning Transfer

In the process of justifying the culture of material consumption, Grant McCracken relies on his model of meaning transfer - by which values are transferred from culture to products and from products to consumers. The concept of meaning transfer is not a new one; and the theoretical perspective of McCracken's model is much like that how meanings are transferred in the course of semantic compositions - in the sense that it relies mainly on the notion of "*cognitive linguistics*"

Whether it is culture or words, the transfer of meanings can be summarized as: *"... they enable us to identify one thing in virtue of its relation to another..."*(Nunberg 1995, p. 1).

The general model of cultural meaning transfer presented by McCracken is presented below in fig. 9.

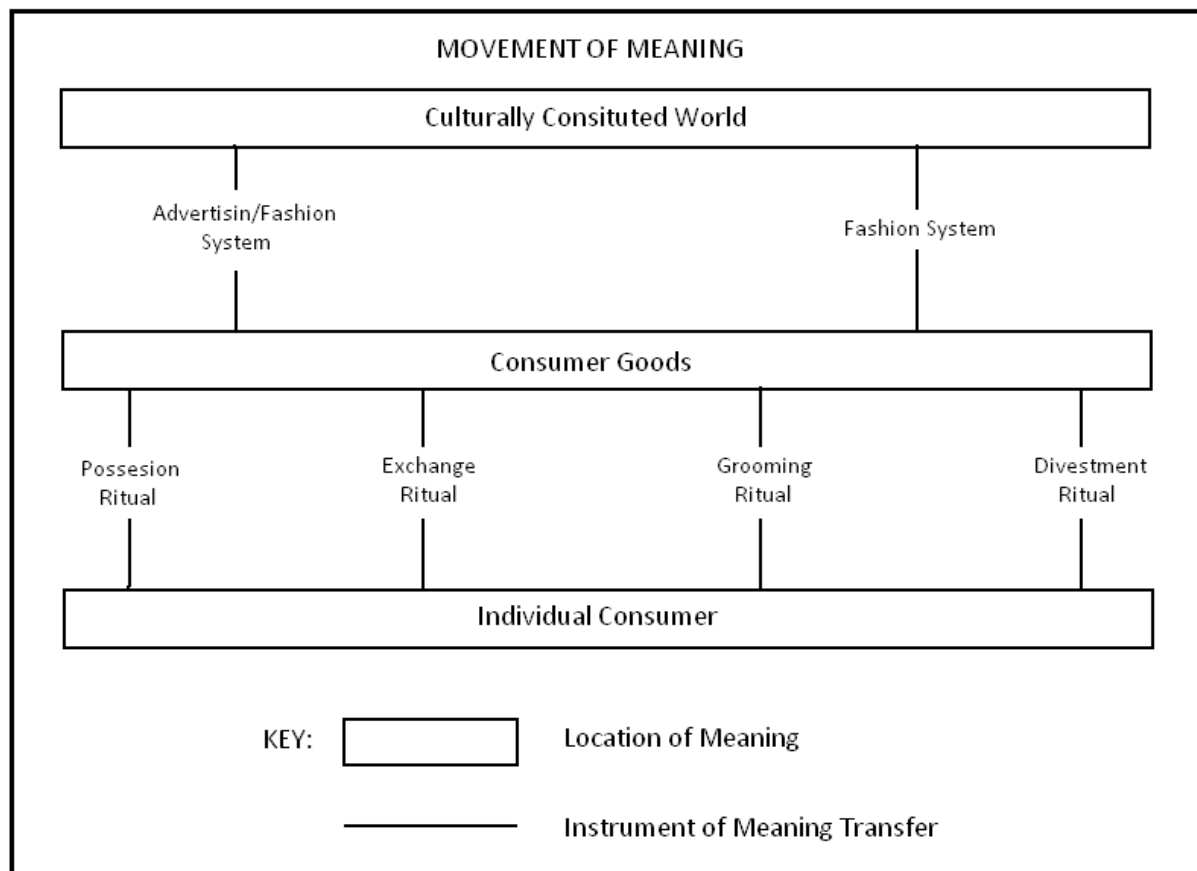


Figure 9, Meaning transfer Model, Source: Adapted from McCracken 1986

As seen above, meaning is transferred from objects by what McCracken denotes as different instruments. The brand or product obtain values from its object or context of choice by advertisement and the use of so-called "*fashion systems*" - a concept proposed by Roland Barthes in the late 1960'ies.

This term explained how, in the fashion world any word could be loaded with idealistic bourgeois emphasis; thus, if a person of admiration or fashion in general express enthusiasm or admiration of a certain item, that item will instantly be accepted and naturalized. Companies can take advantage of such fashion systems which are self-sustaining through time.

The purpose of advertising and market positioning in the theoretical paradigm presented by McCracken is crucial; the sole purpose of advertising is to portray and enforce values rather than traditional product information. This is also evident in McCracken's conceptualization of the two different marketing paradigms, - the information model and meaning model (McCracken 1989, 2005).

The difference between the two is essential and likewise applicable to the general paradigm of contextual branding as presented by Holt. The key points of these two paradigms are seen in table 1 below.

Meaning Model	Information Model
<ul style="list-style-type: none"> • Consumers have cultural projects embedded in contexts • The context is defined by cultural categories • The identity project of consumers is ongoing throughout life • Projects and context are dynamically changing • Cultural meanings in and around products constitute the cultural context of consumption 	<ul style="list-style-type: none"> • Consumer is focused on information and logical decisions • Choice of goods based on rational information assessment • Consumers ignore cultural context • Model ignore the cultural projects of consumers • Is based on benefits and economical rationality

Table 1. Meaning vs. Information model, Source: Adapted from McCracken 1995, 2005 and printed notes from the course: Kontekstuel Branding at CBS.

Having established the importance of meaning, values and identity, it becomes evident that any brand can be charged with any meaning - by which the brand is reduced to an empty marker; much like the status of products in the views of Holt presented in section 5.2. However, the process of endowing a brand with different meanings entails a large array of considerations and limitations regarding *meaning management*.

Managing the meanings of a product or a brand does not only imply the need for control of a dynamic output in the form of an appropriate fit; the sources from which meanings are drawn are equally abundant and complex.

The meaning transfer model imply a complex relationship between consumer and brand - much like that described in general by Holt and Fournier, the latter also express the importance of realizing that the transfer of meanings moves both ways, resulting in confusion of who defines who; the consumer or the brand. The general model as proposed by McCracken assumes a top down perspective - from culture, to product, to consumer. Thompson & Heytko (1997) criticizes the model on this point and argues for a bottom up perspective, by which consumers become active participants in creating and maintaining

cultural meanings; which given the existence and importance of the previously mentioned brand communities seems justifiable.

Having established the vast potential and complexity of meaning management in relation to branding, the task of conceptualization remains; as mentioned previously - and as seen in fig. 11, the transfer of meanings from a contextual object to a given product can be done with advertising. One particular relevant instrument related to this, is celebrity endorsement.

5.5.3 The identity value of celebrity endorsement

"... The argument is that the endorsement process depends on the symbolic properties of the endorser" (McCracken 1989).

McCracken's views on celebrity endorsement are based on social science, and in its core sense it is concerned with explaining why certain endorsers appear persuasive whilst others fail to do so (McCracken 1989, 2005). Hovland & Weiss (1951) suggests that the degree of persuasiveness of an endorser rely on the degree of "*expertness*" and "*trustworthiness*" of the endorser if seen through the eyes of consumers (Hovland & Weiss 1951). In addition to relying on communicational studies; the meaning transfer model of McCracken draws upon the theoretical paradigm of social psychology and the research of McGuire et. al. in which the effectiveness of a given message is defined and scaled according to the attractiveness of the source - given the context for which the symbolic message and meaning is intended.

Applying key points from both the source credibility *and* the source attractiveness models, McCracken presents a complete model of celebrity endorsement and meaning transfer.

Based on the points of meaning transfer covered by this thesis so far; it is tempting to assume that the hardest part of the meaning transfer process is the actual transfer of meanings by use of advertisement and other instruments. Although this might very well be true, the *success* of the brand given this transfer, is dependent on several factors more complex than the simple use of advertisement or identifying and exploiting a given fashion system. One of the most important of such factors or tasks is the identification and deciphering of the entire set of values or meanings associated with an object or a celebrity.

Besides the more simple categories such as demography and lifestyle, the personality is harder to define. Celebrities that are prone to appear in "typecast" roles have public personalities that are easier to define, and the identification of the desired meanings is easier;

hence increasing the endorsement potential of such typecast celebrities (McCracken 2005). An example of such could be Sylvester Stallone, whose public personality given his extreme degree of typecasting, is centred on manhood, strength and the USA. Considering the complex sets of values of celebrities, meaning management implies control of input values as well as output.

5.6 Branding as storytelling

Having illustrated that culturally constituted myths and the transferring of meanings from these are some of the central drivers of contextual branding, this section combines the two - describing how brands can be seen as both the authors and participants of socially and culturally constituted stories.

The notion that brands contain, and are marketed by the use of stories is not new. Salzer-Mörling & Strannegård (2004) describe how such storytelling when viewed traditionally imply the existence of dynamic stories in which the companies or the brand is the sender, and the consumer the receiver. Fog, Budzt and Yakaboylu (2002) illustrate how the composition of such stories is not far from the traditional composition of fairytales, implying 4 elements, *Indented message, fictional story, conflict* and *a cast of roles* (Fog et. al. 2002)

Abandoning the traditional conception of these stories as being static, and implementations of the key points of contextual branding and meaning transfer; it becomes evident that modern consumers seek to become participants of such stories rather than mere recipients.

5.7 Contextual branding - a natural development?

The content of the sections concerning contextual branding above, describes in short the key elements of contextual branding; revealing a complete theoretical paradigm *based* on the concepts of traditional branding but completed and presented by the use of key elements from the theoretical perspectives regarding cultural studies, icons, myths, storytelling, meaning transfer, identity creation and celebrity endorsement; all of which adds to the unique theoretical disposition of contextual branding.

"Since the late 1980s, brands have gained centre stage in marketing and in the managerial discourse. From having been a mere marker that identifies the producer or the origin of a product, the brand is today increasingly becoming the product that is consumed"(Holt 2004)

The quotation above describes this evolution within branding as seen by Holt. Despite the shared consensus of general benefits and the importance of brand management; traditional branding and contextual branding differ in many ways. The ongoing financial crisis offers an excellent opportunity to test if either of the two general theoretical paradigms presented in this thesis so far, proves advantageous.

Traditional branding with its cognitive and logical approach - in which the product still represent an important asset - leveraged by key terms such as brand equity, is opposed by the modern concept of contextual branding, in which the product has little or no importance; what does matter, is the *identity* of the brand.

Is Contextual branding nothing but a natural theoretical development? - In order to asses this; a theoretical comparison must be made.

The following sections seek to compare the strengths and weaknesses of traditional and contextual branding in the light of the financial crisis and the current context, in the attempt to establish a sound theoretical framework for identifying and explaining empirical cases in latter sections.

PART 3

6. Composing the theoretical framework

According to the chosen method and research approach, the purpose of the previous sections was to present a complete theoretical foundation on which a more precise theoretical framework for further analysis could be derived.

Given the scope of this thesis; only a limited number of theories concerning branding were chosen due to their relevance to examining *if* and *how* the brands of some companies perform extraordinarily well during times of cultural disruptions and how such could prove advantageous during times of crisis.

6.1 A General theoretical comparison

Having presented what I consider to be the cornerstones of traditional branding and contextual branding; it becomes evident that solely relying on either of these for further analysis would be disadvantageous and could potentially lead to biased results.

It is not as much a choice of a distinctive theory as it is a choice of perspective.

Is a brand a "lifeless artefact" or indeed a "living entity"?

Hanby (1999) assesses this question assuming similar views as of this thesis, by describing a "classic" conceptualization of a brand, based on the original definitions as presented by the AMA - see quote in section 3.0, and a "new" conceptualization of the term branding assuming the importance of identity and social interaction.

However, he places the views of academics such as Kapferer and Aaker within the new concept of branding (Hanby 1999), whereas I, in previous sections have placed these in the "traditional" theoretical paradigm.

I believe that previous sections have illustrated a difference not only in the concept of a brand, but also the concept of identity. Whereas Aaker might be amongst the first to realize the importance of the identity of brands, it is evident that his views of such are based on a static perception, in which a brand's identity is fixed and maintained throughout time (Aaker 1996; Aaker & Joachimstahler 2002). This is contradictory to the new contextual perspective of branding assumed in this thesis, in which the focus of identity and cultural meanings are defined as being dynamic - and to a greater extent correlated with contextual changes. Hence, the perspective assumed in defining the difference between the perspectives applied in this thesis is closer to those illustrated by Csaba & Bengtsson (2005); by which the identity of a brand is defined as collaboration between brands, companies, contexts and consumers.

Bearing the different ways in which the theoretical paradigms can be defined and separated, a differentiation can be made.

Table 2 below illustrates the differences in perspective by the two different conceptualizations of branding presented in this thesis so far.

	Traditional Branding	Contextual Branding
Theoretical background	<ul style="list-style-type: none"> • Historical theory - physical markers of separation and ownership. • Many theoretical approaches, most of which relate partly to cognitive psychology, and partly to logical/functional decision-making. • Compete in traditional markets • Specific approach addressed in this thesis is focused on customer behaviour and psychology, see section 4 • Focuses on product and/or identity branding from a static perspective. 	<ul style="list-style-type: none"> • Recent theory - studies of the implications of the cultural and contextual identity of branding. • Few theoretical approaches, sociology, cultural studies and psychology. • Compete in myth markets • Focused on customers, however from an identity-based point of view, rather than a logical or behavioural point of view.
Key Concept	<ul style="list-style-type: none"> • Brand Equity - Can be conceptualized and measured by three different theoretical approaches. The cognitive psychology approaches of the CBBE and Aaker framework are focused on defining brand equity as the extra value that consumers associate with a branded product when confronted with an unbranded product. Can be measured and assessed in various ways - depending on the underlying theoretical assumptions, e.g. by product, consumer or financially 	<ul style="list-style-type: none"> • Identity value - Describes to what degree a given brand is perceived as important in relation to the identity of a given consumer. The degree of identity value defines the contextual strength of a brand - ranging from identity brands to full-fledged cultural icons.
Value Proposition	<ul style="list-style-type: none"> • The value reside in the physical markers, primary and secondary associations. • The brand is connected with one or more products, hence the value perceived by consumers is connected with product attributes <i>and</i> brand associations 	<ul style="list-style-type: none"> • The value of contextual branding, resides solely in the meanings, values and myths associated with the brand. • Consumers are not concerned with the attributes of a given product; they care instead for the identity value of a brand, supplying the fuel for their identity projects. • The brand is what the consumers perceive as valuable - <i>not</i> the products <i>backed</i> by brands.
Tools for brand building	<ul style="list-style-type: none"> • Product design • Physical markers and recognition • Co-branding • Brand extensions • Advertising etc. 	<ul style="list-style-type: none"> • Exploitation of cultural briefs, contradictions and trends • Myths and storytelling • Meaning-Transfer • Endorsement • Advertising etc.

Table 2, Theoretical comparison, Source: Own creation

The contents above, illustrates the perceived advantages of the two perspectives described so far. To solely rely on either – or a fixed combination of the two, would be a grave mistake; if corporate history has taught us anything – it would be the need to adapt to the ever changing conditions of competition and consumption.

Furthermore, it is evident from previous sections that the degree to which contextual branding is applicable are highly dependent of the line of business – which is referable to the same conditions surrounding brand extensions within traditional branding. This is kept in mind when analyzing empirical cases in later sections.

Many of the previous sections have been concerned with exemplifying the importance of a focus on context; ironically such a dynamic focus on context will undoubtedly demand new theories and strategies - leaving the ones connected with such a focus obsolete; to brand successfully is *creative destruction* at its best⁸.

The financial crisis of 2008 represents an interesting new context in every aspect; the theories and strategies of contextual branding have never been tested in such an extreme contextual climate.

Since mid 2008, the gaze of researchers, academics and businesses alike has been focused on the topic of financial crisis - a crisis that has been and still is an undeniable reality, regardless of whether the definition of such is in accordance with that of NBER⁹. As it has been the case throughout history, academic research has come up with different reasons for the economic development; theoretical as well as empirical. I believe, that historical studies only offer explanations – not solutions. Many would call such a perspective ludicrous and ask the obvious question: “*how do you know where you are going if you don’t know where you came from?*” The answer to this is simple; “you read the signs along the way; and if you keep looking in your rear mirror you are bound to crash at some point”.

I believe that an ongoing focus on the importance of social, behavioural and psychological aspects of consumption are often neglected or otherwise discarded with regards to the search of explanations and solutions for e.g. the financial crisis.

⁸ A term that describes the way in which new inventions and ideas leave others absolute - amongst which are the one that fuelled such new inventions.

⁹ National bureau of economic research

Economic crises have been - and will always be a potential threat; once again the current crisis has proved that a historical perspective and past solutions does not suffice; nor do they prevent future crises.

Comparing the ongoing financial crisis with the great depression, and trying to compute why instalments and safety regulations such as the Basel I and II did not suffice, provides valuable retrospective information. However, this does not prevent history from repeating itself.

6.2 Consumption is the key

Consumption has been - and always will be the driver for economical growth. Recent developments within this field are interesting in relation to the topic of branding.

It is striking how studies and research concerning the drivers behind consumption has neglected the importance of social and cultural studies (Miller 1995).

The following quotation of Russel W. Belk, describes the way in which marketers have studied consumption throughout history:

“Marketing academics studied consumers as fishermen studies fish rather than as marine biologists might. Within this micro perspective consumer needs were seen as innate rather than socially constructed or marketer influenced, and marketers sought to “hook” consumers by offering a product or service that met these needs better than competitors’ offerings. Thus, the initial consumer research within these marketer departments stressed the objective product and service benefits and did not stray far from the concept of rational economic man” (Belk 1995).

I believe that the description of the historical research of consumption above fits the description of traditional branding - see table 2. Despite being focused on the behaviour of consumers, the traditional perspective seeks to explain tendencies in the behaviour of consumers by applying psychological and behavioural theories focused on the study of the *individual* consumers, rather than realizing the importance of social relations – as contextual branding does.

Applying the previously mentioned studies of McCracken further underlines the importance of consumption, not only by the obvious link with the sales of companies – but equally its importance in defining and deciphering culture. Consumption is no longer a matter of defining and mapping the rational decisions of consumers.

It could be argued that the patterns of consumption in the western world are in line with many of the predictions by Gilmore (1999) of the so-called "experience economy" - assuming that the level of service has peaked, and that the product of the future is the consumer him/herself; in the sense that we will see a greater personal and emotional involvement.

This in my opinion is evident in the current western society. Alternative futuristic views such as "The Dream Society" (Jensen 1999) and "The Entertainment Economy" (Wolf 1999) both illustrate the same tendencies - underlining important developments; some of which were predicted decades earlier - as seen by Levy's assumptions of a noneconomic symbolic consumer (Levy 1959). Consumption; or the value that consuming certain products emanate, has in some cases become the product or reason for consumption in itself (McCracken 2005). Given the close link between consumption and branding – it is only natural that theories and research concerning such, illustrate the same development; represented by the shift from traditional branding towards contextual branding. The table below clearly illustrates how the developments within the studies of consumption are directly transferable to those of branding.

Old Perspective	New Perspective
Positivist <ul style="list-style-type: none"> • Experiments/surveys • Quantitative • A prior theory • Economical/Psychological • Micro/Managerial • Focus on buying • Emphasis on cognition • American 	Non positivist <ul style="list-style-type: none"> • Ethnographies • Qualitative • Emergent theory • Sociological/Anthropological • Macro/Cultural • Focus on consuming • Emphasis on emotion • Multicultural

Table 3, Old and new perspective of research within consumption, source: Russel W. Belk 1995

If compared with table 2 it is evident that many points are directly transferable between the two. However, I find it *even* more interesting that both contextual branding, as well as the new perspective of consumption research, should be considered as natural evolutions of prior theories, rather than replacements or opposing theories. I believe that one of the most dominant factors advocating such developments is the fragmentation of culture and the

importance of symbol over substance supported by researchers such as Harvey (1989), Connor (1989), Miller (1995) and Campbell (1995).

Having established the important relation between new theories of consumption and contextual branding, it is interesting and necessary to examine why - and if a focus on these factors should prove advantageous during a financial crisis.

6.3 The importance of needs and identity

The notion that a strong brand should prove advantageous during crises was - as seen in section 4.1, one of the proclaimed advantages of brand equity. This is a very general assessment - one that I beg to differ.

Upon studying the subject of branding and the major impact it has on the behaviour of consumers, I believe that a general consensus of “traditional branding” is that; it is the *strength* and exposure of a brand that matters - not to the same extend the symbolism and the stories upon which the brand is built. Combining these traditional views with the trends of consumption and the study of such in previous decades, I do not doubt that brands such as McDonalds and GM *have* thrived; but as drastic changes in the context occur- in this case the financial crisis, these industrial giants struggle.

Researchers and academics agree that branding during a financial crisis such as this is a golden opportunity to capture market shares and capitalize on the mistakes of others (Cloonan 2009; Exxon 2009; Hodge 2009). Analyzing why the brands of certain companies have suffered recently further reveals the strength and relevance of contextual branding. The recent history of GM is a shining example of such. Failing to grasp the cultural tendencies of a "greener" and more environmental focus, GM handed its critics and competitors a golden opportunity to compose and take advantage of a cultural contradiction - with GM as the "bad guy" – figure 10 below is an example of such.



Figure 10, Original H2 commercial and critically sketched parody, source: www.Treehuggers.com

I believe that the reason as to why consumers respond harshly to marketing and branding plunders such as that of GM is to be found in the link between consumption and identity. As mentioned in previous sections, contextual branding entails that modern consumers use the values and myths embedded within a brand in the creation of their desired identity; whereas traditional branding was concerned with the material benefits of products. As soon as the financial crisis hit, it instantly became less desirable to be perceived as a "big spender" or a "luxury addict" (Washington & Miller 2010).

Consumers being able to change their desired identity through consumption further add to the tempo by which the context surrounding companies change - making it harder for traditional brands based on physical markers and a "steady state" history to adapt. Major cultural disruptions like the current financial crisis impose a vast amount of cultural contradictions on which an adaptive brand could latch itself and create desired myths.

Every single aspect of contextual branding covered by this thesis so far underlines the importance of identity in branding. The exact reasons as to why the link between branding and identity in times of crisis is so important, has in my opinion never been examined. Empirical or academic studies of prior crises offer little or no help, given the fact that patterns of consumptions and contextual factors change immensely over time. To understand *why*, and to retrieve valuable information for future recommendations, I believe that the focus must be turned towards the basic needs and anxieties of consumers.

Throughout time, countless theories have sought to define the needs of consumers; one of those often used, is the hierarchy of needs - originally defined by Abraham Maslow in 1943.

Assuming the importance of context, the exact hierarchy of needs within this model must have been highly influenced by the context of 1943. The thought of war and fear of self-

preservation must have been a prominent factor in the minds of most people at the time; resulting in the original hierarchy as perceived by Maslow as seen in fig. 11

I believe that the different basic needs have been preserved, but that the *order* in which they are represented in the hierarchy have changed tremendously. If looked at "upside down", the hierarchy of needs shows an interesting - and to some extend exact development, see fig. 11 below.

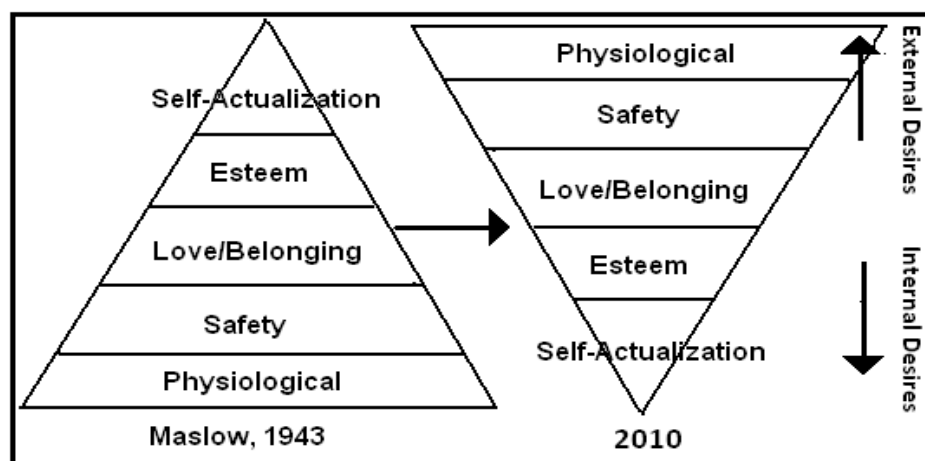


Fig. 11 Original and reverse Hierarchy of Needs, Source: Original Hierachy from Maslow (1943), reverse hierarchy by own inspiration

Originally, the most basic needs that were to be fulfilled were those of physiological well-being and safety. The generation of consumers in the western world today has never experienced famine or any threat upon their psychical being (Barney 2004). They have however seen and experienced economic growth and an increased focus on external appearance. Prior roles of gender, class and personal limits seem to have been broken down by a world in which people can become whoever they desire - or rather whoever the society desire (McCracken 2005; Holt 2004; Miller 2005). To further illustrate the intended point of this section, I have chosen to divide the "new" hierarchy into external and internal desires. Furthermore, Diener (2009) describes how the needs of people in financially poorer and collectivistic cultures are centred on financial and physical safety, whereas those of rich and individualistic cultures such as those in the western world are focused on self-esteem and self-actualization (McCracken 2005; Diener 2009) - as shown in the reverse hierarchy.

An important aspect that has influenced the developments in consumption and the needs of consumers is the importance and emergence of social networks. This trend is seen everywhere, and are by some described as the network society (Barney 2004; Kelly 2009; Boches 2009). Section 5.4.4 described how the complicated social structure of populist worlds and brand communities plays important roles in the theoretical framework of

contextual branding. It is clear that applied strategies of branding must grasp such important social developments; traditional branding, despite emphasizing the fact that social relations is important, does not provide instructions nor insights as to how the construction or design of social networks surrounding the brand influence the choice of strategies; contextual branding does.

6.4 The financial crisis - a contextual amplifier

As the reader might have noticed, the description and evaluation of the old and new theoretical imperative of branding in the sections above, is to a great extent focused on basic developments in context rather than assessments derived directly from developments due to the financial crisis. There are several reasons for this.

Context and cultural briefs are results of cultural disruptions. Although the present context may be defined by a financial crisis, the context of tomorrow remains uncertain - things will change. Based on previous sections and the described tendencies and developments within consumption, needs and the society in general - it is evident that a focus on contextual rather than traditional branding would prove advantageous under most modern contexts.

The theories of contextual branding advocate a dynamic focus, whilst the *tools* of contextual branding might be focused on stationary cultural briefs. How the tools and specific myths should be applied during a financial crisis, are addressed in later sections using relevant cases; hence, the purpose here is to show that a financial crisis is no different from any other cultural disruption, and that the contextual branding framework is by far the best suited for handling such.

Based on the sections so far, it can therefore be assumed that the context of a financial crisis should be treated theoretically no different than any other context. However, I believe that the trends of the current crisis act as a “contextual amplifier”, in the sense, that the difference between cultural contradictions and populist worlds has become more sharply drawn.

An example of this is the instant rebellion against excessively paid executives, greedy bankers and financial speculators when the crisis hit - these were instantly recognized by many as being the root of all evil. This definition of good and bad suddenly became clear after years in which the general public blindly accepted such out of happy ignorance.

Following the general resentment of corporate giants and their executives, came a general wish for sustainability, not only financially but also environmental - an example of which is the recent global uproar against BP and the astounding amount of cases of “greenwashing”. The contextual developments might have occurred with the lack of a financial crisis; but I believe that the developments within consumption, needs and social behaviour described in the sections above, offers plausible explanation as to why cultural reactions have been so severe; in the face of external uncertainty, consumers and society alike seek internal stability. This might seem like a bold statement, but I believe that the theoretical evidence presented so far, offers plausible and sufficient evidence.

Combining the theoretical key points covered by this thesis with the developments described in these sections, it becomes evident that the theoretical foundation by which empirical cases are analyzed in the following sections, are based mainly on elements of contextual branding. However, seeing as previous sections illustrated that the contents of this theoretical perspective is built upon concepts from the traditional branding framework and other theories; the presence of others perspectives is evident in these sections; the static conceptions of traditional corporate branding, are mixed with the dynamic, iconic and cultural aspects of contextual branding *and* theories of consumption & context.

The following sections seek to analyze and describe how the brand of the British company Virgin, by applying the techniques and principles of contextual branding *have* and *will* perform, based on historical cases and the construction of future recommendations based on the current contextual environment.

PART 4

7. The Case of Virgin and British Airlines

The historical analysis and description of Virgin has been constructed with a contextual focus rather than that of a traditional corporate history description. Furthermore, I seek to illustrate how past strategies - clearly transferable to core elements of branding has had a significant role in the ongoing commercial "battle" between Virgin Atlantic and British Airlines.

On the basis of these empirical analyses and the theoretical discussions in past sections, the latter sections of this thesis will look at the current context, and seek to produce general

theoretical conclusions and specific recommendations as to how Virgin could grasp and exploit emerging contextual trends.

7.1 Virgin and the cultural context from 1970 to 1990

It has been more than 40 years since Richard Branson founded what was later to become the business empire of Virgin - a conglomerate with more than 200 registered companies (Datamonitor 2009), whose financial results and management disposition have been the subject of much debate and speculation. Despite such speculation and the ongoing discussion concerning the radical styles by which Richard Branson leads this company; it is an undeniable fact that Virgin remains one of the strongest and most trendsetting European brands.

The purpose of these sections is not to describe or discuss internal organizational aspects of Virgin - but instead to illustrate how contextual changes and cultural trends have made the emergence of such a brand possible; a brand that since the 1970'ies has been under constant pressure and growth, two aspects that still dominate the brand in 2010.

7.1.1 Love, Peace & Harmony and Richard Branson

Virgin was founded by Richard Branson in 1968 (Virgin History), and as later sections will illustrate - their stories are inseparable. Branson was a 17 year old high school dropout from the local Stowe Private School when he decided to start the magazine *Student* (Grant 2008). This quickly became a success, as it aligned with the expressionistic values associated with the many minority groups in the late 1960'ies.

Examining the context at the time reveals sharp developments in the cultural context around 1965 - which are referable to the term of cultural disruptions; one of which came in the form of a rather drastic increase in wealth in the western world triggered by growth throughout the 1950'ies and 1960'ies (McGraw 1997). This resulted in an increase in the rate of education and political interest. This newfound knowledge, and the freedom to express it, resulted in the occurrence of a great number of "grassroots groups"; through these groups, the youth had found a way to express themselves. They shared a common agenda defined by rebellion, a general critique of institutions of authority, the Vietnam War and capitalism.

The rest of Britain was at the time under the influence of strong conservative values, which in return was challenged by such an increasing rebellious youth (Grant 2008). It was within this exact context that entrepreneurs like Richard Branson found a market opportunity. Having

studied the contextual settings through the lens of contextual branding; it becomes evident why.

Firstly, the context at the time was defined by at least two major cultural disruptions, the first being the sudden increase in wealth and the second being the occurrence of War. The effects that the latter of the two had on the contextual environment and the mindset of consumers was severe which evidently resulted in the existence of drastic cultural contradictions - one important ingredient for successful contextual branding and the creation of myths.

Secondly, the cultural disruptions and the related cultural contradictions resulted in the existence of two major populist worlds in Britain. On one hand was the established wealthy Britain that had experienced, survived and risen from the Second World War - defined by conservative values and traditions. On the other hand was the youth, which had been born *after* the Second World War in safe surroundings. These shared a love for freedom and harmony but a severe dislike of authority and capitalistic values (McGraw 1997). The contextual framework at the time is illustrated below by the use of theoretical terms of contextual branding.

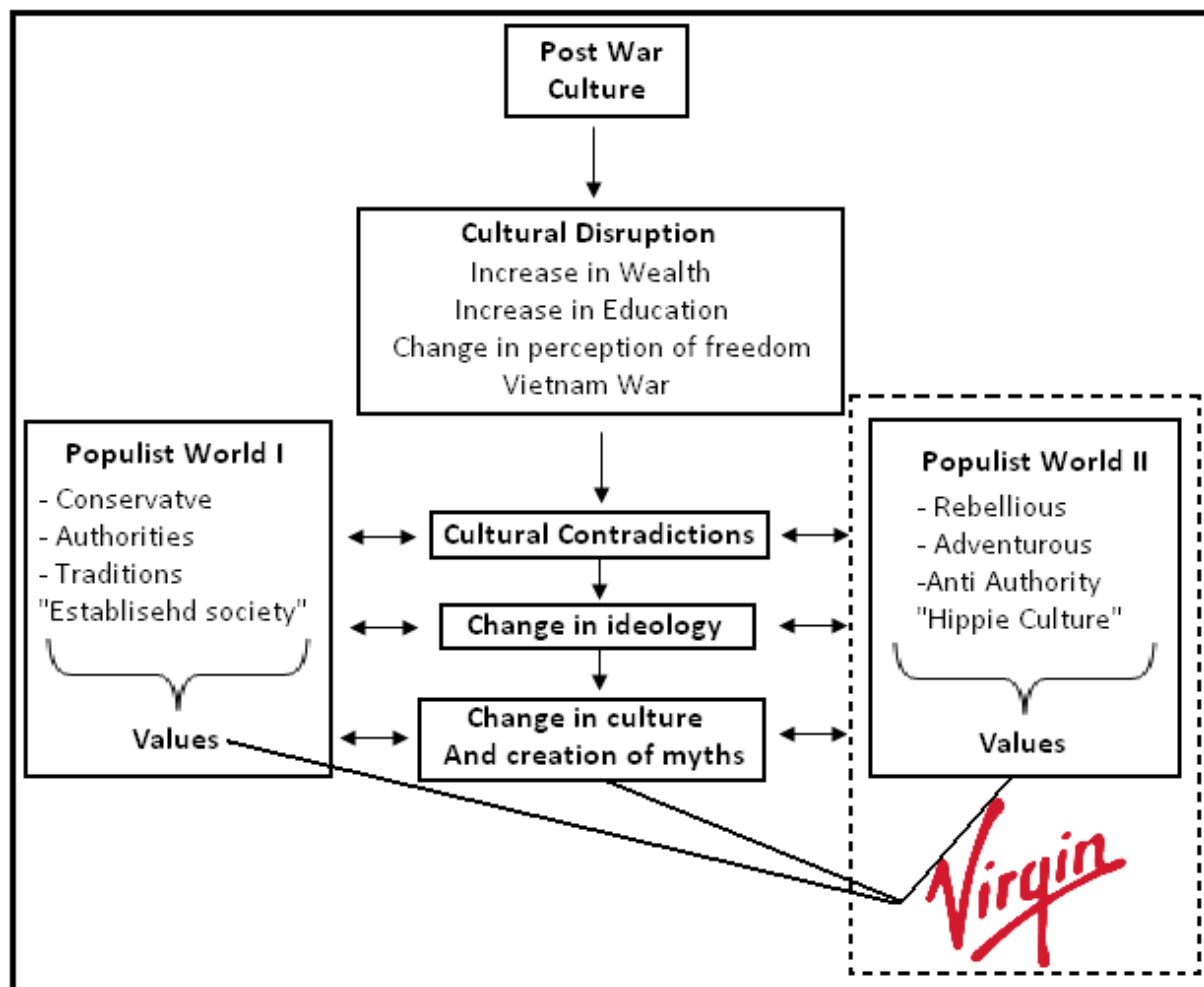


Fig 12 The cultural developments at the time of the creation of Virgin seen through a contextual branding perspective, source: own creation.

In an interview on BBC News (2006), Bransons explains that he through "anti-Vietnam War" groups realized the urgent need for a magazine, by which the youth could express their opinions. The magazine related to the disrespectful and anti authorial youth, and included articles revolving around subjects such as sex, rock music and interviews with terrorists (Grant 2008).

It is obvious, that Branson quickly grasped that the mentality of the British youth was changing, and that this was a determining factor in the choice to start his first business.

This composition meant that the content and meanings displayed in this magazine was a determining factor in the creation of the desired identity of many youths. When applying theoretical elements of brand communities and the structure of populist worlds, it becomes evident why "Student" achieved a unique position and loyal readers. Given Branson's untraditional background and his influence on the contents of the magazine, he was seen as an authentic part of the general youth movement at the time - which due to elements of

endorsement resulted in the general accept of "Student". Furthermore, the magazine was a perfect way for the feeders and followers to tap into the general populist world. In return, the core of the populist world – the insiders basked in the attention that they got from the feeders and followers through the magazine.

Abandoning the case of student, the next entrepreneurial adventure of Richard Branson was Virgin Records, a record company. This once again enabled Branson to express specific values and meaning through his choice of artists and what to publish. Given the fact that the record business and the magazine business are closely related, Branson was able to extend the brand across industries, providing Virgin Records with the brand extensions of *Student* and the powerful and authentic endorsement of Richard Branson.

Following the opening of the first Virgin records location in 1971 in Oxford Street, London; came a record studio in 1972 and a Sex Pistols album in 1977 (Virgin History). It is evident that Virgin Records followed the example of *Student* and tapped into the same contextual framework as illustrated in fig. 12.

After the success of his first entrepreneurial adventures, Richard Branson was eventually seen as a prominent figure - a new type of entrepreneur, which opposed to his capitalistic counterparts, was able to build a lucrative business on a market ironically based on a populist world defined by rebellion and anti-capitalism.

These early developments founded the commercial giant later known as Virgin, and it was from the start clear, that Richard Branson was the common denominator– a “contextual decoder”.

7.1.2 IPO's, LBO's & MBO's and Robin Hood

As it was the case throughout the 1970'ies, Richard Branson successfully applied a contextual role in the 1980'ies - this time in the role as the "*underdog*"; proclaiming to fight for superior "value for the money" and a good service (Altman 2009). Previously he and Virgin had been contextually positioned as parts of a minority; however, being a part of a rebellious youth would no longer suffice if the iconic status amongst an increasing amount of fragmented groups of consumers was to be preserved.

The increase in the related groups of consumers surrounding Virgin was a direct result of an increasing number of Virgin companies - and the diverse activities of these. Realizing this;

Branson was able to use his previous authenticity as a rebel to change the contextual role of Virgin and his perceived identity as the “underdog” and “Robin Hood of capitalism”.

Throughout the 1970'ies and 80'ies the industrial occupation in Britain experienced a sharp decline due to the ever increasing competition from Asia and the rest of the industrialized world (McGraw 1997). In 1979 this resulted in the election of Prime Minister Margaret Thatcher, whose conservative values and economic perception was in line with economists like Adam Smith (McGraw 1997; Adamsmith.org). The election of this new prime minister was followed by an instant increase in the number of financial institutions and a capitalistic mindset - which at the time was dominating most western economies.

It was within this context that Virgin and Branson took a central role in the centre of a prominent cultural contradiction as the social capitalist, or as put by Grant 2008 - *the friendly face of capitalism*.

The most trendsetting move by Richard Branson during this time was to launch Virgin Atlantic in 1984 with the sole purpose of challenging the giant British Airways (Virgin History); a move that was in perfect unison with the assumed role of *underdog*. The specific case of Virgin Atlantic and British Airways is analyzed in later sections. Virgin Atlantic became a financial success, and is despite scarce published financial data still considered as the financial flagship of the Virgin Corporation (Grant 2008).

In the description of Virgin and Branson throughout the 1970'ies, the focus was on illustrating how the contextual positioning by The Virgin brand and Branson fit flawlessly with the contextual framework capturing a cultural contradiction, tapping into populist worlds and thereby creating the myths that founded Virgin brand. The same could be said for the developments in the 1980'ies. However, this section seeks to illustrate how the contextual strategies applied by Branson in the 1980'ies are directly transferable to another important aspect of contextual branding – the aspect of storytelling.

Bearing in mind that storytelling and the creation of myths are important elements by which companies and icons can be contextually branded, it is evident that the case of Virgin is a prime example of such instruments at work.

Assuming the storytelling perspective as proposed by Fog (2002), it is possible to analyze the case of Virgin in the 1980'ies with respect to defining the roles of the different contextual participants.

Figure 16 and the following bulletins illustrate the original composition of roles in the classic storytelling model as well as how the case of Virgin during the 1980'ies could be interpreted within this paradigm.



Figure 13, Storytelling model by Fog et. al. applied to the case of Virgin, Source: Fog ,Budtz & Yakaboylu 2002 - applied to virgin by own creation

- The overall *goal* of Virgin was to be seen as a vanguard of fair competition - protecting the consumers from industrial giants and bad service.
- The *evil opponent* in the contextual framework at the time was undoubtedly British Airways with whom Virgin fought a commercial battle at the time.
- Richard Branson is defined as the *hero* and *provider*, whereas Virgin is defined as the helper.

This distribution of roles is however highly dependent on the perspective by which the context and the brand of Virgin is perceived. The choice of placing Richard Branson in the centre is solely based on the fact that since the origin of Virgin, Richard Branson and the company Virgin had been inseparable; which raises the question of to who the brand is attached the most? - A question addressed in later sections. The exact distribution of roles between Branson and Virgin is in this case irrelevant; in fact, such confusion of brand origin only further underlines the extend by which Branson and Virgin was successful in transferring meanings and the endorsement process.

The contextual history of Virgin presented so far, clearly illustrates that they quickly realized that the identity of a brand is as important as the attributes of the product itself. However, the degree to which the identity of Virgin changed during these two decades aligns with the dynamic conception of contextual branding rather than the static perception of identity applied in the traditional framework.

Besides the clearly transferable aspect of storytelling, Virgin and Branson evidently tapped into and exploited the British national ideology and its associated myths.

Elements of the classic fight between David and Goliath are evident in many traditional British myths e.g. Robin Hood and the story of King Arthur. However, as time progressed towards the late 1980'ies and mid 1990'ies, the Virgin Empire expanded rapidly - partly due to the trend of privatization of public services in Britain (Grant 2008). Thus, this inevitably also increased the amount of the different lines of businesses in which Virgin was involved. This forced the brand of Virgin and Branson had to reevaluate what myths and stories they were to be associated with in order to successfully extend the brand and stay authentic given the contextual surroundings.

7.1.3 Defragmentation and slackers

As mentioned in previous sections, the context and cultural settings in Britain were influenced by strong conservative ideals and capitalistic values during the 1980'ies. But in 1997 the conservative leader of John Major lost the election by one of the biggest defeats in the history of Britain; and the New Labour party led by Tony Blair rose to power (The Economist 1997).

The change in the political climate illustrated a general cultural change in Britain during the 1990'ies, Branson and Virgin could no longer thrive on fighting the values of a dominant ideology, as this would be seen as contradictive and at worst - leave the brand unauthentic.

They had to come up with a way to communicate with new markets *without* abandoning the values by which they were perceived as guardians during the 1970'ies and 1980'ies

In the aftermath of the strong capitalistic focus of the 1980'ies, people in Britain began to realize that the glamorous life they had imagined was not as attainable as first assumed. The globalization had the effect that the employed people of Britain began to feel a pressure on their job and the size of their paychecks - which in return spurred the general conception that *work is a joke* (Holt 2004; McGraw 1997). Branson and Virgin were quick to grasp the

potential of this cultural disruption and the associated cultural contradictions; once again Branson was able to use his prior roles and authenticity.

Whereas the two sections above illustrate the clever use of cultural institutions (populist worlds etc.) and storytelling, this section is focused on analyzing important aspects of the endorsement process in the case of Virgin.

May 2. 1999, Richard Branson appeared as a special guest-star in The Simpsons (the TV show) - in which he plays a rich businessman who gives one dollar to each customer; during the episode he teaches Homer that: *"to be loved, you have to be nice to people, every day, but to be hated, you don't have to do squat"* (The Simpsons Archive 2010). If anything, The Simpsons is a perfect portrait of the "slacker" values - a life in which the importance of job and financial security is dwarfed by the importance of enjoying the adventures of life. Branson's appearance in The Simpsons is a perfect example of how Branson accumulate and gather desirable meanings during this period. He frequently participated in different extreme sports and stunts - which due to the careless nature constituted the second adventurous part of the so-called "slacker myth".

By this time, Virgin and Branson are inseparable in eyes of the consumers, resulting in the instant transfer of meanings from Branson to Virgin. Analyzing this process from the theoretical viewpoints of meaning transfer illustrated in earlier sections, the following paradigm can be drawn.

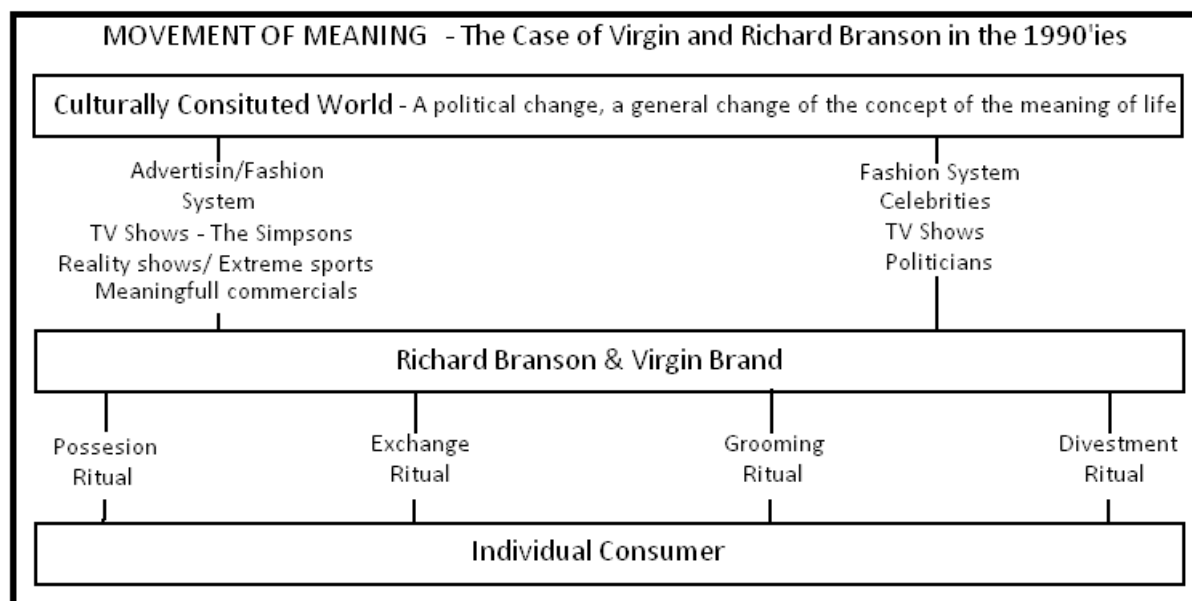


Figure 14, The transfer of meanings in the case of Virgin during 1990'ies, source: Own creation using the framework of McCracken 2005

The presentation above is obviously based on a top down perspective as proposed by McCracken, but as in the other analyses above - other analytical perspectives can be assumed. Whether the *source credibility* or the *source attractiveness* model is applied, it is evident that the background of Branson and the previous myths and stories associated with Virgin provide a solid foundation for credibility and authenticity.

During this period Virgin was not the only company focusing on the so-called *slacker myth*; other companies such as Mountain Dew & Budweiser were equally aiming at representing and symbolizing this certain segment. This is further testament to the fact that companies compete on myth markets rather than on their actual products. In appendix 2a Virgin commercial from 1997 is summarized and illustrated as well as the "Simpsons" version of Richard Branson.

What separates the case of Virgin from other interesting companies is that Branson once again became the rally point and the all-determining icon on which the Virgin brand was built - as he had been during previous decades.

7.1.4 Summarizing the contextual history of Virgin

It is evident that the Brand of Virgin since its origin has been under constant development with respect to contextual and cultural changes. The case of Virgin illustrates most if not all the key theoretical points from traditional branding as well as contextual branding.

The brand has had one unique denominator - Richard Branson. It is remarkable how the personality of Branson has been the main element of success across 3 decades, 3 different cultural myths and an astounding amount of different lines of businesses.

At first this intense relationship might seem like a very successful example of celebrity endorsement, in which the perfect fit is a mere result of a good combination of source attractiveness and source credibility. However, to accredit the unnatural relationship to simple endorsement would in my opinion be a mistake.

The effect of Branson is not just visible from an external point of view; his influence is seen everywhere *within* the Virgin organization, everywhere from the organizational structure, management philosophy and financial strategy.

It is also evident from the previous sections that the branding strategies of Virgin and Branson have been successful; but analyzing historical events by use of theoretical hindsight does not provide much evidence as to whether or not the brand of Virgin by applying techniques of contextual branding have performed *significantly* better than other companies. In order to analyse if this is indeed the case, the following sections will analyze the empirical case of the commercial war between Virgin Atlantic and British Airways - two companies within the same line of business but with radically different approaches as to how such should be conducted. These will, combined with the contents of previous theoretical sections compose the theoretical and empirical background for assessment of current and future branding strategies.

8. Virgin and British Airways

This section aims to illustrate how principles of cultural and contextual branding applied by Virgin and Richard Branson was evident in one of the most famous commercial disputes of Britain - the case of Virgin Atlantic vs. British Airways. The following sections seek to describe this feud as objectively as possible; and the later illustrates how Virgin used the contents and outcome of this feud actively in its commercial campaigns during the 1990'ies.

The story of the Virgin and BA feud has all the contents of a well written drama, from allegations of the use of private investigators lurking in trash bins, to so called “passenger poaching” in airport terminals. The affair started in 1992 by allegations made by Richard Branson, that British Airways was using dirty tricks and trying to run Virgin Atlantic out of business (Gregory 2000). Given the degree of public attention that Branson basked in at the time, the case soon became public. Branson's allegations were based on the notion that the corporate giant BA - the biggest British transatlantic airline at the time, were trying to squeeze the small rebellious airline Virgin Atlantic; a story that conveniently matched the myths of virgin described in sections 7.1.1 – 7.1.3. However, allegations by BA against Virgin were also made. The lawsuits ended with the ruling, that Lord King (CEO of BA) and BA were due to pay Virgin Atlantic 610.000 £ in damages done and the sum of 4.500.000 £ in libel costs - the biggest corporate settlement in Britain at the time (Gregory 2000).

8.1 *The King is slain*

The analysis of the branding strategies of Virgin Atlantic and BA has its historical offset in 1992. BA had thrived during the years of the capitalistic Thatcher government, and was by far Britain's largest airline with 241 aircrafts serving 165 different routes. By comparison, Virgin was insignificant with just 13 aircrafts and 7 routes (.ipa.co.uk 2010)

Hence, the overall competitive framework surrounding Virgin and BA fit flawlessly with the myth and image of Virgin as King David trying to defeat the giant Goliath. If a glance is cast at the difference in size between the marketing budgets of the two, this becomes even more

apparent. Figure 15 illustrate the budgets of media expenditure of the two companies. On average BA spend 4 times as much as Virgin during the 15 year period. Applying traditional branding techniques, such a massive public exposure should lead to an increase of brand awareness and thereby the brand equity; but the

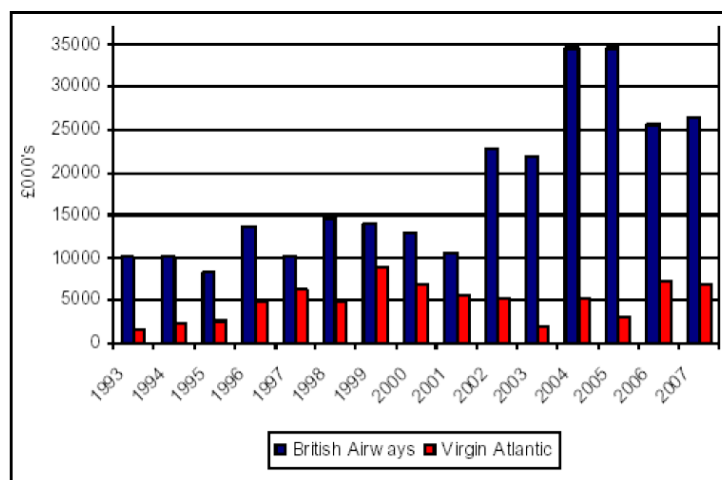


Fig 15 -- The media budget of Virgin and BA, Source: MMS 2008

developments in the strength of the two brands during this time tell a different story.

The BAV approach has been used to construct the results in fig. 16; that clearly shows how the brand of Virgin has surpassed that of BA in all 6 chosen variables. Furthermore, the progress of the Virgin brand is most significant in the categories of "up to date" and "fun" - which are two of the values of Branson and Virgin described in earlier sections.

Where many seek to explain these developments by the clever use of advertising I apply the scope of contextual branding.

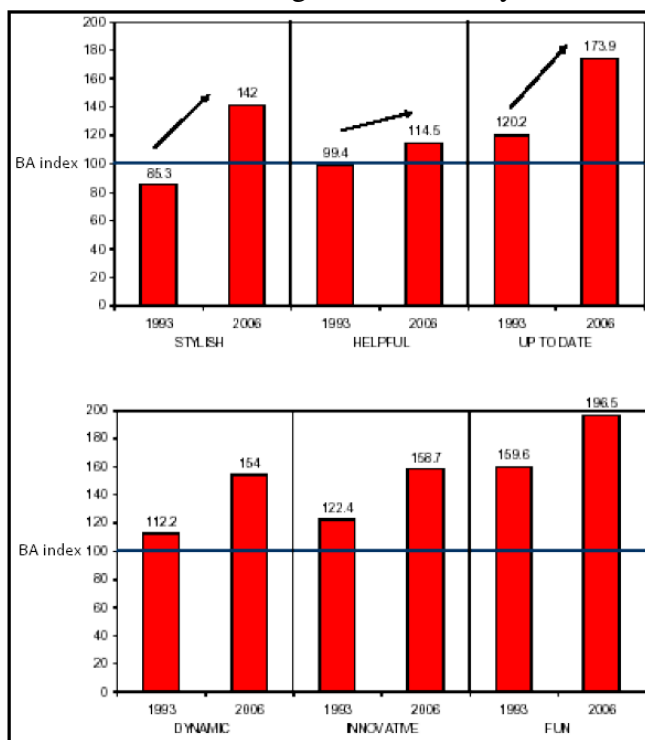


Fig 16 - Developments in BAV of Virgin against BA index, Source: MMS 2008, BAV 2008

The most precious asset in the marketing of BA was its enormous budget; that of Virgin Atlantic was the personality of its founder Richard Branson. The commercial strategy of BA, was during this period based on traditional campaigns; whereas that of Virgin was based on the iconic status of Branson - who enjoyed such a degree of publicity that the story of him crashing his powerboat short of its destination across the Atlantic Ocean in 1995 stole the front page.

Analyses of the overall commercial strategy of Virgin Atlantic in the early years, could advantageously be assessed with two perspectives; a creative perspective and a media perspective.

If the creative perspective is analysed, it becomes evident that Virgin Atlantic realized from the start, that the great variety of messages that needed to be communicated to an even wider base of customers and regions of a air transport company required that the creative focus was on applying a overall attitude – or a general tone rather than a number of single creative ideas. This creative strategy was hereafter reflected in the media strategy of Virgin Atlantic. Besides the exuberant *and* public personality of Branson who continuously promoted Virgin through his private and public escapades, Virgin Atlantic sought to underline and strengthen the values and meanings of Branson in their commercials and advertising. Alternative casts for

ads were chosen – amongst who were: Helen Mirren, Terence Stamp, Iggy Pop, Miss Piggy, Alice Cooper and the Wright brothers. By choosing to incorporate such unconventional creative ideas in their media approach, Virgin Atlantic was set apart from the rest of the air transport industry - actively using and enforcing the cultural contradictions and the different populist worlds at the time, and aiding the myth of Virgin by paying ode to the original values of Richard Branson and Virgin. More Virgin commercials are placed in appendix 3.

8.1.1 Stealing and positioning the brand of BA

At first glance, the case of Virgin and British Airways might seem like a classic case of a commercial battle in which the marketing activities of either part proved better than that of the other. But if the battle is analyzed by the theoretical paradigm presented in this thesis - another conclusion can be drawn. The following will illustrate how Virgin was able to "steal" significant value from the brand of BA, by actively positioning BA in the authentic myths of Virgin.

The following analysis and the theoretical proceedings are described is illustrated in appendix 4, and should be reviewed whilst reading these sections. I believe that the contextual framework surrounding the airline business can be aggregated into two general populist worlds.

The first is defined as being represented by people that primarily travel by plane for pleasure, vacation or adventure. The values of this were at the time in line with the values connected with the slacker myth of Virgin see section 7.1.3. The TV commercial in appendix 2 clearly shows that the intended audience could be found within this segment/populist world.

The second populist world was represented by people travelling for business reasons, and the values that were imbedded within this populist world was - as seen in the framework in appendix 4 connected with luxury, formality, "propper" and capitalistic. The ad by British Airways in appendix 5 clearly illustrates this perspective.

It is evident that Virgin and BA were aligned with two very different populist worlds, that to some extent were perceived as contradictory. Furthermore, the two populist worlds equally portrayed many of the values of the two major national identities at the time.

Despite the contradictive nature of the two companies and the populist worlds in which they were seen as authentic - a substantial degree of affiliation due to industry competition was evident.

Following the associated values of the populist worlds and of the brands; two distinctive myths can be defined. That of Virgin was the "*slacker myth*" described in section 7.1.3; and that of BA was what I have chosen to define as: "*The professional myth*". The cultural contradiction that these two myths impose is apparent.

It is evident that Virgin and BA competed on both product - and myth market; a scenario that BA seemed to be winning until the time of the "*Dirty tricks affair*" (Gregory 2000)

The contradictory myths and cultural categories resulted in a "war" of brands in 1992 with the "*dirty tricks affair*". The amount of attention that this received from the media and the general cultural institutions caused it to be blown into proportions resembling those of a small cultural disruption. As theories of contextual branding prescribe, such cultural disruptions should be taken advantage of – which was exactly what Branson and Virgin did. First, they pursued legal action; thereby fighting BA in an arena that the consumers within populist world II could identify with; hence when Virgins claims were acknowledged these were perceived as authentic by the constituencies within populist world II. Furthermore, as the actions by BA was in sharp contrast to the values of this populist world BA's degree of authenticity and attractiveness was decreased as a result.

If summarized, it is evident that the dirty trick affair strengthened Virgins brand position within the "slacker myth" *as well* as within "the professional myth"; grasping this, Virgin instantly used the incident in their marketing programme – see appendix 2b, 2c and 3.

Previous sections described how companies by the use of co-branding and brand extensions can transfer brand value/equity from one brand to another; such co-branding usually comes in the form of collaboration. However, I believe that the case of Virgin vs. BA is a prime example of involuntary co-branding (if seen from the perspective of BA). Virgin used the deteriorating values of the brand of BA to strengthen the brand of Virgin.

The fact that Virgin was winning immensely on the myth market, resulted in the fact that the brand of Virgin was involved in two previously contradictive myths. In order to gain and preserve authenticity in both of these, they imposed a slight shift in their branding strategy as well as their product strategy. More emphasis was put on luxury and elements of business – see appendix 2 c. One example of such is that when BA announced the introduction of beds in

business class, Virgin announced the introduction of double beds (BBC 1999), the introduction of onboard massage and chauffeurs to and from airports, see appendix 2 b and 3.

The developments in *and* after the “*dirty tricks affair*” all enabled Virgin to actively take over the positioning of BA in the different myths and place them in the role as the bad guy – see section 7.1.2. Whilst BA might have been using dirty tricks in their business techniques; Virgin used “dirty” tricks in “brandjacking” the brand of BA - by the use of elements from traditional branding as well as clever use of context, culture, elements of contextual branding and meaning transfer.

9. Conclusions from theory and case material

Sections 6.1-6.4 analyzed the two main theoretical perspectives presented in previous chapters, and it was evident that the theoretical assessment concerning the choice of an advantageous theory was not as much a matter of pure theoretical choice as it was a choice of perspective. It was equally evident that theories of contextual branding were to be perceived as a natural evolvement of branding theories - rather than an opposing theoretical perspective. The theoretical perspective assumed in analyzing the case of Virgin and the case of Virgin vs. BA was therefore based on a choice of perspective and assumptions rather than theory. Amongst which were the dynamic identity focus, the importance of the perception of identity, developments in consumption and consumer behaviour as well as major developments in the cultural and contextual framework.

To test if the perspective that from a theoretical point of view seemed advantageous indeed was, the history of the brand of Virgin was analyzed.

The brand was analyzed over 3 major eras during which traditional branding methods were popular. The brand of Virgin had indeed been successful, and it turned out that the concepts of contextual branding offered plausible and exact explanations to this success. The question of causation still remains; was this a result of Virgin and Branson being ahead of time? or was it due to coincidence and/or biased hindsight. In order to get a relative perspective on the performance of the Virgin brand, the case of Virgin vs. British Airways was analyzed.

This case illustrated how concepts of contextual branding could be traced to the degree of “textbook performance”. Virgin had in the commercial battle with BA effectively constituted myths, a dynamic identity, effective endorsement and the composition of stories and myths

involving competitors; in other words, it was evident that Virgin had realized that they were competing on a so-called myth market and composed their brand and strategy thereafter - products were requisites used to achieve the desired fit and authenticity.

As I proclaimed in previous sections, hindsight and historical descriptions offers explanatory value, not solutions. The proceeding sections will seek to provide solutions; once again assuming the example of Virgin, these will seek to describe how the brand of Virgin should be handled - given the current context. Findings will then be assessed from a general perspective given the nature of this thesis.

9.1 Virgin - Current and future brand analysis

The historical analysis of the brand of Virgin revealed how the company of Virgin and its brand has evolved immensely throughout time. Regardless, the company and the brand has been defined by *one* unique aspect across the different periods - Richard Branson.

Doubt has however been evident during the last couple of years as to whether or not Branson and Virgin has lost their "touch"; the company and brand of Virgin has on several occasions been the target of critique within a number of areas in which their position has never been questioned. Such critique has been centred on aspects such as the financial health of Virgin and Branson (Grant 2008), the previously prizewinning customer service, speculations of the use of dirty tricks (telegraph.co.uk 2010) and a general deterioration of the brand of virgin (Grant 2008; telegraph.co.uk 2007; Osborne 2007).

The recent trouble can by applying the concepts of previous sectioned be aggregated into three separate parts: The man Richard Branson, The company and The Context; each of which are briefly analyzed below with respects to the recent critique.

9.1.1 The Man

It was established numerous times in this thesis that the personality of Richard Branson evolved into iconic status fairly fast - thereby becoming the most important marketing tool of Virgin. The constant changing aspects of Branson's personality turned out to be important in achieving the needed dynamics in the myths and brand of Virgin through endorsement and meaning transfer.

Besides the obvious importance of Branson's personality, it was evident that the iconic traits he possessed had its roots in his genuine personality - hence making it sustainable throughout time. His first entrepreneurial adventure "Student" - founded 42 years ago perfectly portrayed his personality - and that fit has been a trademark until now.

As time changes so does the identity of the consumers. Furthermore, it was established how patterns and the reasoning behind consumption has changed. I believe, that it must be taken into consideration, that the generations of consumers that experienced Branson and Virgin during the three periods described within sections 7.1.1-7.1.3 are still affected in their current assessment of Branson. If these periods are taken out of account, and if only the current identity and fit of Branson and Virgin is analyzed - another picture prevails.

New generations not affected by the history of Branson and Virgin, sees an extremely wealthy man - a man approaching an "elderly" age. Furthermore, they see this man on TV enjoying himself; windsurfing with beautiful women on his back, playing about on his private island and hosting TV shows. This might as well have been the description of Hugh Hefner - a description very far from that of the original Branson.

In order to test whether this assessment is correct, I used a focused closed questionnaire aimed at uncovering the perception of Richard Branson by the younger generation. The questionnaire was sent to more than 200 college and high school students¹⁰, of which 113 answered; this is by no means a significant statistical study; but it does reveal interesting tendencies - see appendix 6 for the questionnaire and the detailed results.

The focus of the questions is on composing a rough outline of the perception of the life and personality of Branson as perceived by the targeted generation.

The results show that great confusion exist on the matter of his nationality- see question 1 and 3; something that was very clear in previous eras and myths. Furthermore, it is evident that the perceived values of Branson is as much those attributed to an elderly wealthy man as those of a rebellion. Bearing these facts in mind it is evident that the identity of Richard Branson isn't as clear as it has been in the past; but the knowledge of his affiliation with Virgin clearly is. This, in return, transfers some of the identity confusion to the brand of Virgin - given the concepts of contextual branding.

Naturally, his personality has to change over time; but if the tendencies are analyzed in the paradigm of contextual branding and branding in general; the question of whether the branding phenomena of Branson in previous eras is starting to backfire prevails - can he still achieve authenticity and provide the fuel for future myths? or is it about time for him to step back and let Virgin thrive on his icon rather than his ever evolving personality?

¹⁰ Highschool is referred to as the danish 9-10 th grade, whereas college is the danish "gymnasium"

9.1.2 The Company

It was evident how the brand of Virgin during the 1990'ies played host to not one but two different myths - that at first glance would seem contradictory. This was made possible by the clever use of meaning transfer, myth creation, co branding and clever marketing. However, recent developments pay testament to the postulate that some of the authenticity of Virgin is wearing off. The brand of Virgin has always been centred on the role as the "valiant knight" fighting for consumer rights - something that is in sharp contrast to recent allegations of price-fixing (Osborne 2007). Furthermore, Virgin conquered significant market share and brand equity from British Airways by attacking their associated myth "the professional" on its values and products defined by service and luxury - two areas in which Virgin has received significant critique in recent years; most of which stems from unsatisfied customers expressing their disappointment through social networks and blogs¹¹. The deteriorating fit between myth, brand and reality will inevitably take its toll on the identity value of the Virgin brand and deflate its contextual positioning.

A second important aspect adding to the discussion of the current status of the brand, is the missing obvious cultural contradiction and counter myth. The analysis revealed that since the time of its origin, Virgin has always exploited the existence of opposing populist worlds and cultural contradictions - at times targeting a single company such as British Airways. In all cases Virgin assumed the role as the hero - see fig. 13. Now the rebellion that used to rake on the institutions have become an institution itself; an example of such is the "attack" on the TV network "sky" by Virgin Media, in which Virgin had no superior value proposition or myth to back up their competitive actions (Osborne 2007; Olins 2007). Actions such as these will decrease their authenticity towards the constituencies revolving around their previous myths.

Thirdly, Virgin has always been known as a British company - which was one the cornerstones in previous myths and the associated roles such as Robin Hood and King Arthur. However, as it was the case with Branson, recent developments illustrate how the national identity image of Virgin is unbalanced. The most significant example of such it the prestigious launch of Virgin America - which by the simple use of the word "America" instantly spurs associations linking to the American national ideology - something not entirely desirable for Virgin - given their rebellious history, associated myths and current context.

¹¹Example of such: <http://dabble.com/virgin-atlantic-sucks-the-sad-decline-of-a-good-brand-348>

A fourth factor, is the question of whether the tremendous amount of diversification within the lines of businesses they are involved in is causing a loss of focus and/or deterioration of the brand; looking at the different Virgin businesses it becomes obvious why. It is clear that virtually no one has achieved such an extreme stretch of brand extensions as Virgin; but previously the myths provided an authentic link and a commonality between these extensions - something that to some extent seem to be lacking in the current state of the Virgin brand. The loss of focus in the myths associated with Branson and Virgin has been further enforced by apparent distortions in the brand portfolio; a clear example of such is the failure of Virgin Finance - a line of business in which the values and myths of Branson and Virgin offers poor fit and authenticity.

It is clear, that the focus in the sections above is on the negative factors in the recent developments of the brand; and it is these that will provide the foundation for improvement and recommendations in chapter 11. It is clear that there are interesting developments in factors surrounding both Branson and Virgin - but true to the theoretical scope of this thesis, the influence of the context must be considered.

9.1.3 The context

The contextual developments described in this section is amongst those used in chapter 11; however, the focus here is on what tendencies have or may have affected the brand of Virgin in combination with the above described factors of the man and the company.

In previous sections I described how I think tendencies of the ongoing financial crisis can be perceived as a contextual amplifier in the sense that the anxieties and fears of consumers become apparent in times of crisis - resulting in sharper responses to disruptions and an increased focus on self-perception and cleansing of identities. This in return, creates massive cultural contradictions that iconic companies such as Virgin are expected to fulfill - when they fail to do so they are perceived as unauthentic. Hence the dynamic focus and control of the associated myths is very important in the current context; something that Virgin - given the sections above has neglected to some extent.

Given the current state and recent developments of the brand of Virgin, the following section will seek to apply the theoretical and contextual tools presented throughout this thesis in an attempt to illustrate how the brand strategy of Virgin should be conceived in the time to come.

PART 4

10. Regaining contextual focus

If the recent points of critique above are combined and analyzed with respect to the theoretical paradigm and contextual history of Virgin presented in this thesis, valuable case specific recommendations can be made.

To further increase the relevance and quality of these, the reasoning in the following sections is based on current and future contextual trends presented by the Copenhagen Institute of Future Studies (CIFS)¹². Furthermore, the contents of these recommendations serve as valuable information with respect to answering the general research question of this thesis in the following conclusion.

10.1 Identifying future contextual trends

Analyzing the history and the current state of the Virgin brand, it becomes obvious that one big dissonance is apparent - the need for a focused opposition based myth. Previous myths in periods of success were based on exploiting the construction of exact populist worlds and the occurrence of cultural contradictions; see fig. 12, 14 and the table in appendix 4. At the current state, the analysis of Virgin reveals no obvious effective myth. Hence, the first and most important recommendation concerns the composition of such; which, as following sections will illustrate, can prove difficult.

True to the nature of the research question of this thesis, the contextual framework for mythical composition is in this thesis defined by contextual trends derived from the financial crisis.

Reports from CIFS describe how the financial crisis can be described as "the perfect financial storm"; the result of numerous calumniating factors - a storm that has and will continue to change the behaviour and mindsets of consumers (Fremtidsorientering 2009a, c). They predict that consumers will become increasingly sceptical as institutions previously synonymous with safety, honesty and superiority continue to "get it wrong". The institute further predicts that

¹² <http://www.cifs.dk/>

this is amongst the factors leading to three general future trends relevant for the topic of this thesis¹³.

10.1.1 Green growth

The first trend predicted by CIFS is focused around what can best be described as "green growth". As the word entails, this trend is focused on environmental friendly growth within existing and new lines of business. The deteriorating effect that the financial crisis has on the growth from traditional markets in USA and Asia, will force the companies and consumers within most markets to turn their attention towards alternative areas for growth and innovation - the biggest of which is predicted to be within energy efficient products and markets as well as collectivistic and infrastructural investments.

This tendency will take its effect not only on corporations - but equally in the minds of consumers who will applaud the idea of a "Global Green Deal" which bares optimism and the promise of a brighter future.

10.1.2 Stagflation

The second trend predicted by CIFS is focused on the general economical outcome of the crisis. CIFS predicts that the economical context will experience conditions like those in western economies in the 1970'ies or Japan during the 1990'ies - defined by stagflation. Consumers and employees in the western world will experience a pressure on their income and on their job safety. This is partly due to the price competition from "low cost economies" as well as the fact that they predict that competition will move to markets and products defined by the term anarconomy - a term describing the process by which traditional physical and service products will be replaced by shared services and open source products; dramatically changing the arena of competition in western economies.

10.1.3 The fall of capitalism

The last trend described in these sections is by CIFS defined as "the fall of capitalism", and is to some extent a combination of several trends - including the two above.

In its essence it is focused around the severe effects that the financial crisis, failing trust and confidence has on the behaviour of consumers and inhabitants in general. These will realize that they are the ones paying the bill for mistakes they do not see as their own and cases of overpaid and greedy executives will keep reappearing. This will in return make them turn

¹³ The following 3 sections describe 3 general scenarios, derived and subjectively added from Fremtidsorientering 2008 a,b and 2009 a,b,c.

against corporations and nations defined by traditional capitalistic values - resulting in a focus on "simple living" and support of local economies. Identity and national identity in general will become even more important.

The trends described above was as mentioned subjectively composed and presented from a series of scenarios presented by CIFS. I chose not to rely on any single trend or scenario for the simple reason that the future is not set, and that a composition of different trends will ensure the needed dynamic contextual background necessary for effective myth composition. The following sections will constructively combine theory covered by this thesis with the contextual history of Virgin and these futuristic scenarios, followed by a conclusion.

10.2 Recommendations

The first and aspect to be discussed, is the status of the icon of Branson. Previous sections revealed that the perception of the personality of Branson is not what it used to be during previous periods; in which the values and meanings connected with his personality were centred on the British national ideology, rebellion against the establishment and value for money. He *was* as previously mentioned the Robin Hood of Capitalism - a role that would fit considerably better with the predicted trends of green growth, stagflation and the fall of capitalism than the perception of the current role and iconic status of Branson; see section 9.1. But how do you align the associated myths and values of Branson with contextual trends? The answer lies in the brand strategy of the company and the personal history of Branson. Fig. 14 illustrated how meanings were transferred from Branson to Virgin; the peculiar thing is, that I believe that the "top down" meaning transfer perspective suggested by McCracken does not apply in the current state of Virgin and Branson. 40 years of meaning transfer has left it virtually impossible to separate the values of Branson from those of Virgin - *and* the other way around; hence the "ineffective" state of the icon of Branson might as well be a result of the strategies of Virgin, as it can be actual developments in his personality. Thus, the solution could; thanks to decades of meaning transfer be found solely in the strategies of Virgin; leaving Branson free from altering his personal life, and to thrive from "bottom up" meaning transfer from the company.

This might seem like a somewhat abstract argumentation, but in its basic sense, the reasoning is based on the fact that the Virgin brand is as much a part of Branson as it is a part of the company - hence the endorsement process can now be reversed and the iconic status and values of Branson simply altered by strategies of the company - and not the other way around;

something that should - given the restrictions of the age of Branson, enable a broader scope of accessible myths and values.

Three tangible changes in the brand strategy of Virgin is derived and described shortly below. A constructed framework has been added in appendix 7 to illustrate how these changes interacts with the contextually constituted world based on the trend of green growth and a wide array of theories used within this thesis; such a framework could be constructed to fit any of the trends described above.

10.2.1 Focused diversification

Although physical products mean little or nothing within the theoretical paradigm proposed by Holt, it is evident that the values of the diversification strategy of Virgin has an impacts on the perceived identity of the brand and associated myths.

Following the predicted trends of CIFS, the scrutiny of consumers will increase in the face of the financial crisis. Thus, it will become increasingly difficult to successfully compose myths based on cultural contradictions and opposing companies if the presence of Virgin is evident in both of the contradictory contexts.

Adding the points above to the contextual history of Virgin and the predicted trends, it becomes evident that Virgin should avoid extreme oppositionistic diversification. An example of such could be; Virgin Green – a multibillion dollar fund dedicated to investments in environmental investments vs. Virgin Finance, Virgin Galactic or the upcoming Virgin F1 team. The contrast between these is astounding, and the values that these imply are clearly adding to the current confusion surrounding the core identity of the Virgin brand.

Given the analyses and theoretical perspective of this thesis, I propose a *focused diversification* strategy based on values rather than actual products and lines of business. Directing the attention to the table in appendix 7, such a focused diversification strategy should be made possible by the active use of the contextual basis of Virgin, secondary associations of such, the extended brand identity and the tools connected with these with respect to the following two factors.

10.2.2 Exploiting history

The second aspect that needs to be addressed is the need to exploit the contextual history of Virgin. It is obvious that the previous myths and contextual compositions of Virgin described in sections 7.1.1-7.1.3 and fig. 13, 14 & 15 all have clear referenced to the trends predicted by the CIFS.

The myth and role of Virgin as the Robin Hood of capitalism during the 1990'ies is a perfect fit for the trend; "The fall of capitalism". The contextual framework surrounding the previous *slacker myth* resembles those described in the "stagflation" scenario. Furthermore, the *love peace and harmony myth* implied values that are directly transferable to the contextual trend of green growth and environmental focus – which is the focus of the table in appendix 7.

It is evident that the contextual material for a historical composition of myths is available, but in order for myths based on historical authenticity to be successful; a overall fit needs to be apparent in the strategies. Already having discussed to importance of the diversification strategy; the second most important aspect remains; Richard Branson.

10.2.3 The future role of Richard Branson

If the future role of Richard Branson is assessed with the theoretical perspective of this thesis, several opportunities prevail for addressing the "unfortunate" trend concerning the perception of his personality revealed in section 9.1.

First possibility: the iconic status of Branson determined in previous sections entails the possibility for Virgin to thrive on his iconity rather than his personality. This would inevitably result in a more static perception of Branson as referring to his past will limit the use of authentic dynamic myths; but if the worst case alternative is assumed this will prove advantageous. The worst case alternative could be one in which an elderly Branson no longer guide the myths of the Virgin brand in the right direction – one in which the values of his person continues to deteriorate the rebellious perception of Virgin.

Put short; the first possibility resides in the scenario in which Richard Branson prepares Virgin for the time after his era – which further underlines the importance of the two strategies above – as these are focused on the brand of virgin rather than that of Branson.

The second possibility is that Branson regains his contextual strength by actively aligning his activities image to fit with the contextual trends *and* the two strategies concerning focused diversification and exploitation of history. The contextual trends predicted by CIFS described in this thesis, offers a near perfect fit with the previous conceptions of Branson and Virgin – hence the second and in my opinion most obvious possibility; is for Branson and Virgin to rely on the myths by which they conquered markets and the minds of consumers in previous decades. Although times and products change – the values of valiancy, honesty, rebellions

and harmony does not; and these are exactly what a contextual environment consumed by crisis needs.

11. Conclusion

The purpose and general research question of this thesis was to describe and compare traditional and contextual branding; and discuss whether modern strategies of branding offer viable strategies within the modern context.

In part two of this thesis, it was established how theories of what was to be considered as traditional branding was concerned with both tangible *and* intangible aspects of brand. Hence, the material benefits and design of products was bestowed with significant importance; which indubitable was due to the original and physical meaning of branding. Analyzing the core elements of the models by Keller and Aaker revealed that the tangible *and* intangible aspects composing the value of brands could be summarized by the key theoretical term *brand equity*; which could be leveraged by traditional methods of advertising and techniques such as brand extensions and co-branding.

Whereas brand equity was the central element in traditional branding; *identity value* was central within the theoretical paradigm of contextual branding. It was apparent that the general models of contextual branding should not been seen as contradictory to those of traditional branding. Thus, they should be perceived as being a natural evolutionary part of branding in general. This assessment was underlined by the fact that the developments of contextual branding was in line with those within research in other relevant fields, such as; consumer needs, consumption and the context in general. It was evident that the tools of contextual branding rely solely on building and maintaining the intangible aspects of brands by means of e.g. meaning transfer and endorsement.

Furthermore, it became evident in the theoretical comparison, that the difference between the traditional and the contextual paradigm was more a question of a difference in perspective rather than a difference in theoretical tools and applications. Relying solely on either perspective would from a theoretical point of view be disadvantageous; and the degree to which contextual branding should be applied is highly dependent on the context *and* the company and line of business in question.

In an attempt to test the assumptions and conclusions based on the theoretical comparison above, an empirical case analysis of the history of the brand of Virgin was conducted with

respects to principles mainly from contextual branding. This analysis revealed that the brand strategy of Virgin was in line with principles of contextual branding – and had been so for almost four decades; encompassing everything from contextual myths, storytelling, meaning transfer and celebrity endorsement. In order to further analyze whether this accordance with contextual branding was coincidence or the result of exceptional perception and foresight, the case of Virgin vs. British Airways was analyzed. This analysis revealed strong evidence that Virgin actively and consciously applied aspects referable to contextual branding; and that such proved an important element – resulting in superior brand performance.

Having established the historical evidence advocating that contextual branding had been advantageous in the case of Virgin, the attention was turned towards the current context, in the attempt to illustrate how principles according to the theoretical perspectives assumed in this thesis could be applied in the case of Virgin.

By applying principles of contextual *and* traditional branding with respect to contextual trends proposed by CIFS, a number of relevant points of critique concerning the current status of the Virgin brand were revealed - problems that revolved around the founder Richard Branson, the company and the context. These were all assessed from a structured theoretical perspective, which resulted in the creation of a complete framework regarding strategies and recommendations.

On the basis of the theoretical and empirical evidence presented in this thesis, it can be established that contextual branding and the related theoretical perspectives and tools does indeed present a golden opportunity in the current context – defined by a financial crisis. However, it was also evident that contextual branding implies a number of assumptions and principles that are highly dependent on not only the contextual framework; but equally the identity of the company and line of business.

“The difference between crisis and opportunity is only a matter of the contextual lens through which ones reality is perceived.”

12. Perspective

Whilst working on this thesis, several interesting aspects for further research were revealed; that due to lack of space and the narrow scope of this thesis was only briefly discussed and analyzed.

It was in theoretical comparison in earlier sections revealed that aspects of contextual branding should not be considered as universally applicable across all industries and lines of business. It could be interesting to further examine exactly what the conditions for successfully applying principles of contextual branding are; and how and if these are applicable in industries companies such as financial institutions – which given the current contextual trends of the financial crisis could prove interesting.

A second aspect that I believe could prove interesting; is a historical analysis of contextual. It was in the analysis of the Virgin brand established that Virgin and Branson had been applying principles of contextual branding for almost four decades. It could in this sense be interesting to analyze whether contextual branding has been historically justifiable. Thus, would contextual branding have proven advantageous in previous contexts such as the great depression and the Second World War.?

Nevertheless the research conducted within this thesis had widened my scope of interest with respect to the mechanics and perspectives of branding.

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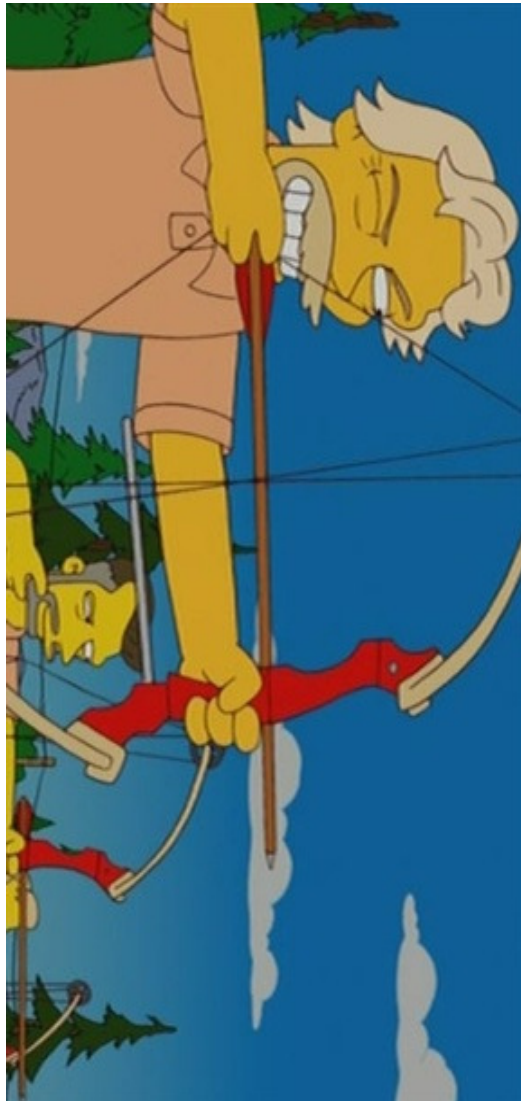
www.ipa.co.uk

www.telegraph.co.uk

Appendix 1 – The Lur brand



Appendix 2 - Virgin commercial 1990'ies



Advertiser: Virgin Atlantic

Title: Grim Reaper

: Rainey Kelly Campbell Roalfe Y&R

Date: April 1997



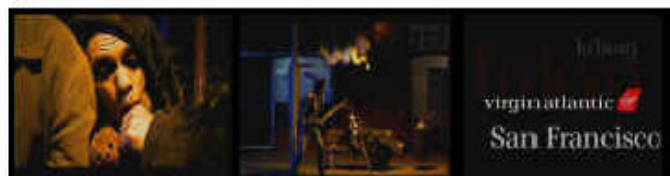
Scene opens with stone angel falling off a building. Church bells ring in the distance as the Grim Reaper appears. Fast paced music starts.



Various scenes of the man's life pass before his eyes, exciting, wild adventures and encounters.



As more and more scenes keep flashing past the Grim Reaper begins to get bored, when eventually he falls asleep.



VO: When your life flashes before your eyes, make sure you have plenty to watch

b)

upper class



*It seems like
every time you blink,
our business class
gets better...*

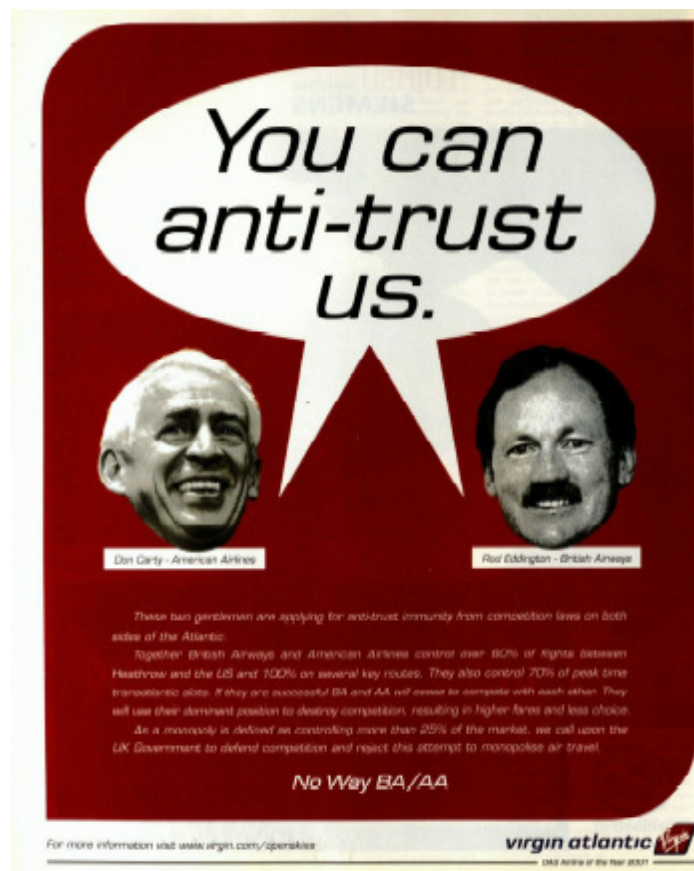
Our award-winning business class has continually redefined the way airline passengers are treated. Along with a style of service that feels both elegant and casual, our passengers enjoy a generous range of amenities and comforts. Some are obvious, like seats they can actually sleep in.

- **Huge reclining sleeper seats** with up to 15" more legroom than other business classes
- **Complimentary limo service** to and from the airports in the US and the UK
- **Drive Thru Check In**, bypass the hassle and lines, and let the chauffeur check you in without ever leaving the car
- **Virgin Clubhouses and pre-departure lounges**, featuring state-of-the-art business facilities, and at Heathrow and Gatwick, the Virgin Touch beauty salon
- **Pajamas, full-size pillows, feather duvets and fleece blankets** with a dedicated sleeping area on select overnight flights
- **On-board Beauty Therapists**, offering massages and manicures on select flights
- **Revivals Lounge** at Heathrow, where arriving passengers can shower and enjoy a hot breakfast

virgin atlantic 



c)



The Economist. 08/11/2001

Appendix 3 - More Virgin Commercial

Advertiser: Virgin Atlantic

Title: Mr A and Mr B Agency: Rainey Kelly Campbell Roalfe Y&R

Date: October 1999



(Steve Buscemi) : Knocks on car window
(Man in car): This had better be worth it.



(Steve Buscemi) He's upgraded to the free chauffeur service: they drive you straight past check in to a VIP entrance at passport control. I mean who does he think his passengers are? the president of the United States?
(Rutger Hauer) Dirty Trick
(Steve Buscemi) Do you want me to wipe out the Chauffeur?



(Rutger Hauer) I think you'll find there is more than one
(Steve Buscemi) Oh.

Advertiser: Virgin Atlantic

Title: Kitty Hawk

Agency: Rainey Kelly Campbell Roalfe Y&R

Date: 2006



Scene opens with the pioneer walking through the sand dunes of Kitty Hawk and meets the Wright brothers by their plane.
Pioneer: So the plane's here. And how do you get to it? Chauffeur, takes you from your door to the airport.



Pioneer: You check in without leaving the vehicle. What's the flight between here and London? 7 hours right? People want to sleep with proper beds on board.



Pioneer: You're looked after by the best people. You have drinks on board, but why not sit at a bar. You eat when you want. You get to the other side another chauffeur takes you right where you're headed. You're gonna need a bigger plane.



We now pan through the new Virgin Upper Class cabin.

Appendix 4 – The contextual developments of BA and Virgin

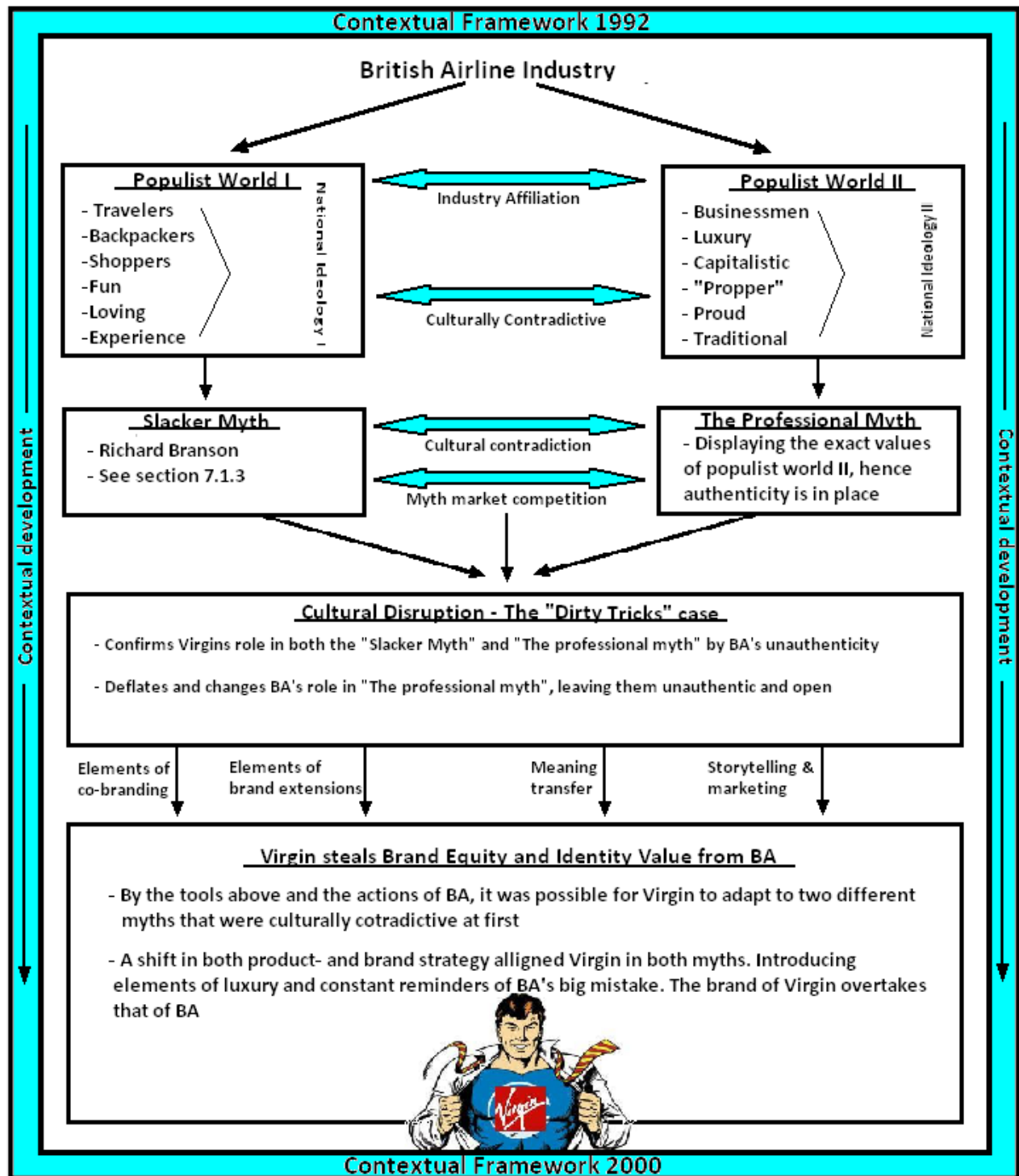


Table constructed from key points of traditional branding, contextual branding and the cases of Virgin and British airways – sections 4-7 in thesis

Appendix 5 – British Airways commercial

HAVE A MEETING OF MINDS, NOT SHOULDERS, ARMS AND LEGS.

Fly British Airways from London City on business and you might find you share a common interest with your fellow passengers. But thanks to our new more spacious aircraft your seat won't be one of them. In fact, you'll find that we have added a little extra space to our seats. We've removed the overhead storage, we've removed the under seat rail so that you can stretch your legs out and there's no longer a middle seat. So whenever you sit next to us on your next flight, we hope that you'll both find there is room for everything but improvement.

Upgrade to
BRITISH AIRWAYS

Appendix 6 - Questionnaire about Richard Branson

1) Richard Branson is from:

USA	Britain	Australia
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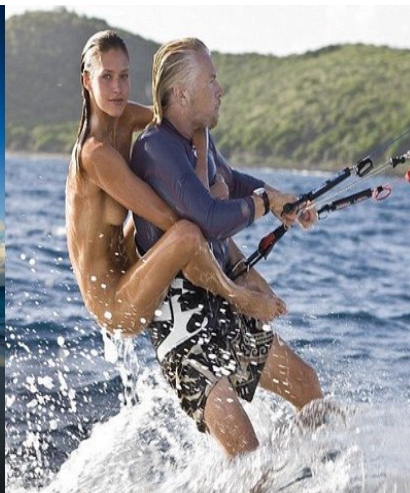
2) Which Company is he associated with?

Virgin	Coca-Cola	Nike
--------	-----------	------

3) I think Richard Branson's biggest passion is:

Being Rebellious	Enjoying the life on first class	Being adventurous
------------------	----------------------------------	-------------------

4) Which of the following pictures illustrate Richard Branson as you would describe him?



1	2	3
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5) What role describes the lifestyle of Richard Branson the most?

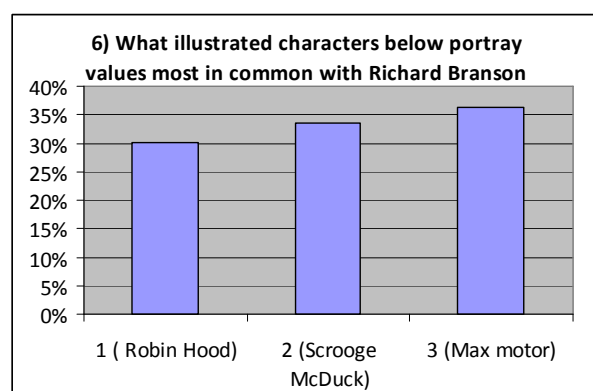
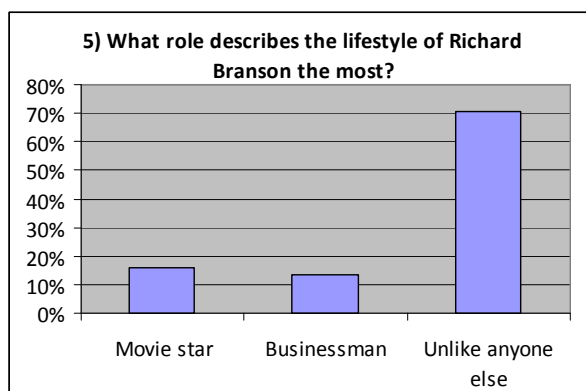
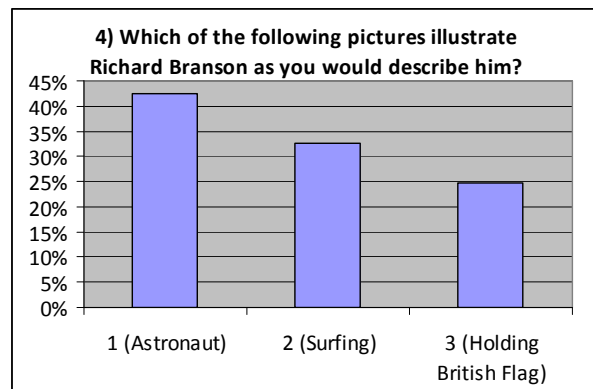
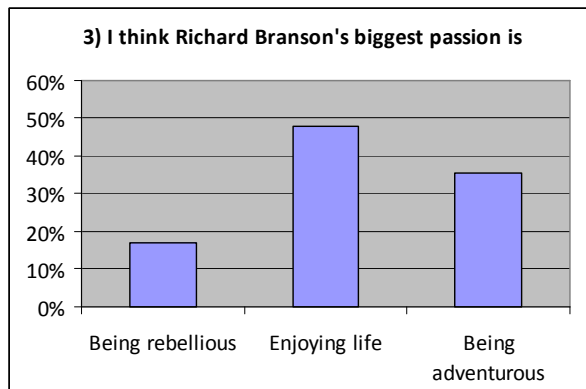
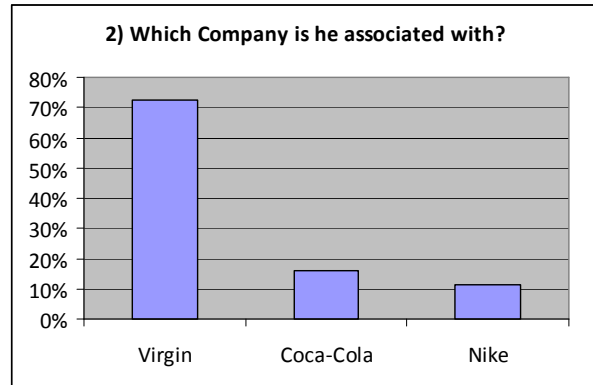
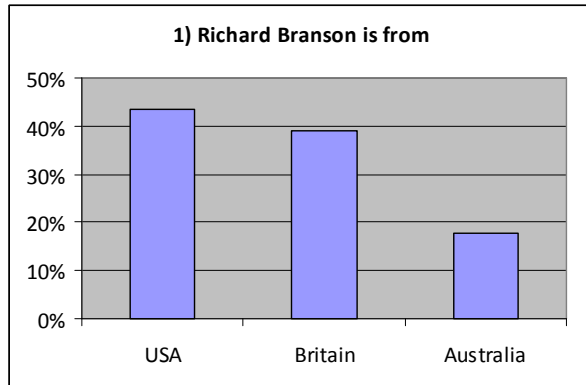
Movie star	Businessman	Unlike anyone else
------------	-------------	--------------------

6) What illustrated characters below portray values most in common with Richard Branson

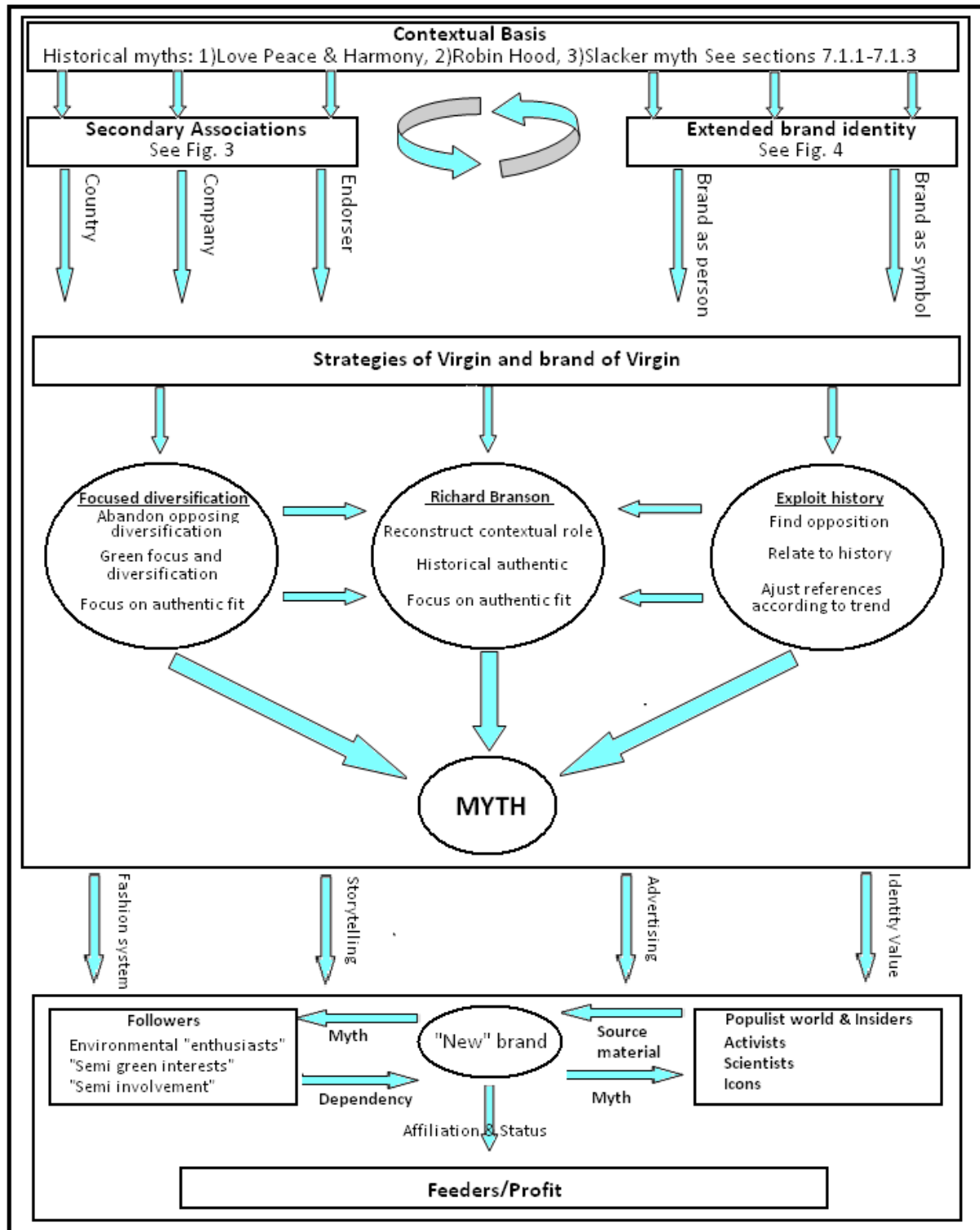


1	2	3
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Results



Appendix 7 - Contextual framework for regaining focus





CONS



CULTURE



CONTEXT

A NEW PERSPECTIVE ON BRANDING IN MODERN CONTEXTS

Master's Thesis
M.Sc. Finance & Strategic Management

Advisor: Anne Martensen
Department of Marketing

Author: Rasmus Mars

Date for submission: October 4th 2010

Number of characters including spaces (STUs): 180.407 = 79,3 pages

Executive Summary

Is the current financial crisis the “perfect storm” of capitalism - an all destroying unavoidable factor, representing a threat for all companies; or is this crisis a unique opportunity for exceptionally perceptive and adaptive companies to capture markets and the minds of consumers by clever use of modern techniques of branding?

The following thesis examines and illustrates how methods of contextual branding – a recent theoretical branch within the branding paradigm has evolved from traditional theoretical principles to become a holistic applicable tangible theory; a theory that by the use of a historical analysis of the brand of Virgin proves to have been advantageous throughout the span of four decades. In addition, the empirical performance of Virgin derived from applying principles of contextual branding is comparatively analyzed to that of British Airways – proving the principles of contextual branding superior.

Furthermore, to test whether these principles still deem superior, this thesis illustrates how theories and strategies of contextual branding could prove advantageous in the current context – defined by the financial crisis. Thus, providing a different perspective of branding based on a variety of academic approaches, amongst which are; psychology, sociology, finance, consumption, future studies and behavioural science.

Combining the theoretical and empirical analyses above, this thesis offers unique insight and recommendations in the modern world of branding – a world in which the image of the financial crisis as the “perfect storm of capitalism” is punctured by contextual decoding and exploitation of cultural trends.

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PART 1

1.0 Introduction

As the external framework and general conditions of competition of companies change, so must their strategies in order to achieve continued success. The ongoing global financial crisis that started in 2008 and the widespread economical and psychological effects that followed, is a precise example of how external macro economical factors and trends can effect otherwise previously well functioning companies. We have all seen the documentaries and the news broadcasts of how otherwise solid financial companies are the "*victims*" of the financial crisis, bad judgement or a combination of the two. It is widely accepted that the financial crisis should be perceived as a threat.

This thesis seeks to examine the opposite scenario, and describe how companies by modern branding techniques should seek to look past the financial constraints of the crisis and into the unique cultural context and trends that such a crisis creates.

Whereas the world has never seen a crisis exactly as this, we have indeed seen how such major events affect the contextual framework and the mindset of consumers. Thus, this might prove an excellent opportunity for exceptionally perceptive and adaptive iconic brands.

Branding in its basic sense has been around for centuries (Keller 1998; Aaker & Joachimsthaler 2002). During which time the theories concerning the subject have undergone an astonishing evolution. Branding has evolved from being a simple mark distinguishing goods from those of others, to being one of the most - if not *the* most valuable asset of most major international companies (Keller 1998).

Try and imagine Nike without its logo and Coca Cola without the shape of its bottle - it is impossible. The value of having a strong brand is indisputable, and has been proven empirically time after time.

If seen through the theoretical perspective of the benefits of traditional branding and the methods of contextual exploitation by contextual branding; does a financial crisis still impose a threat? - or a rare opportunity for companies to position their brands within a rapidly changing cultural context?

1.1 Problem statement

Developments in technology and the increasing globalization, are amongst the factors leaving it increasingly difficult for companies to differentiate their products from those of their competitors; parameters such as price, product and distribution are no longer parameters of differentiation, - they are merely necessities for surviving in the long run in a world where the rational buying motives of consumers are being replaced by emotional motives within almost all markets (Jacobsen 1999; Kapferer 2001).

Recent developments within the context as well as within the theoretical framework of branding has in my opinion provided a unique possibility to analyze whether the new aspects of branding are historically justified and viable within the current context; it is these aspects that constitute the general research question of this thesis.

"Describe, discuss and compare iconic contextual branding to traditional branding, and discuss whether such could prove advantageous in the current context"

In order to fully understand the general research question and reach a successful conclusion, a number of key sub questions needs to be addressed.

- Define and outline the theoretical paradigm of contextual and iconic branding, and compare this to traditional branding theories.
- Use this theoretical paradigm and theories concerning cultural trends and developments, to identify a company with a significant iconic brand.
- Conduct a comparative performance analysis with a company in the same line of business, to uncover the potential commercial value of methods of iconic branding.
- With a basis in the theoretical perspective assumed in the case analyses, give recommendations on how the chosen brand should approach the subject of branding during the current context.

2. Method and scientific assumptions

The purpose of the following section is to inform the reader of what general methods within research and theory that has been applied whilst working on this thesis.

Generally, the subject of methodical approaches can be aggregated into three different levels (Darmer & Freytag 1996). The first of which is the science of knowledge which is considered to be of a rather abstract nature, and therefore not applicable nor excessively relevant in describing the methodical perspective of this thesis. However, the second and third level consists of the *method* and *methodical* approach, which are to be considered as the less abstract and more tangible levels of the science of knowledge. Hence the *method* chosen is to be perceived as the general perspective by which the general research problem is perceived, whereas the *methodical* approach describes the specific techniques used.

2.1 General scientific method

Originally, literature concerning the choice of what science to apply when acquiring data, dictates three different conceptions: Positivism, functionalism and constructivism (Darmer & Freytag 1996).

When faced with the choice of which general concept to adopt when conducting research, one can traditionally choose between two different perspectives, the first of which is; taking offset in a specific view of the world and its perceived reality, and thereby let the embedded assumptions of such a view have its effect in the subjectivity of the research.

The second perspective, is to let the problem in question dictate the methods; which is the choice in this thesis. This is due to the fact that the constructive perception of a given problem or reality has its offset in the fact that reality is relativistic in the sense that the perception of reality changes over time and is perceived differently by different persons. This implies that it is impossible to separate all subjectivity from any science or method. Hence how we perceive and apply problems and solutions are highly affected by the context in which we reside.

The choice of a constructive perspective is in line with the core of modern branding, which is focused around individual and subjective assumptions and perceptions. This perspective is clearly advantageous since the general problem and focus of this thesis is on the context. The goal is thereby to seek to apply methods and theories that will provide general rather than specific conclusions to the overall research question of this thesis.

2.2 General Research Method

Under the constraints of the chosen general science of knowledge in the section above, there are generally two different conceptions of how research and knowledge of a specific problem is acquired and analyzed (Darmer & Freytag 1996).

The research can have its offset in existing applicable theoretical models, and by logical research and procedure, conclude on whether or not the assumption and results of the given model is true. Or, it can have its offset in empirical data, and by the use of theory seek to explain and conclude on empirical results.

It is obvious that the choice in this thesis is the latter. This is due to the fact that the context of the present financial crisis is unmatched throughout history. Any attempt to find complete theoretical model which sole purpose is to explain the performance of brands under such uncertain contextual frameworks would surely result in a highly biased result if not a useless one.

Hence the choice of method in this thesis is based on trying to explain empirical results of a selected case, by the subjective and constructive use of theoretical models. The following section describes in more tangible terms what general theoretical perspectives and methods are used in acquiring and analyzing data in relation to the general research question of this thesis.

2.2 Specific Research Methods

Given the general choice of research perspective in the sections above, many different techniques could be applied in order to conduct the research needed to create the foundation for a satisfying conclusion.

These techniques could be characterized as being either qualitative or quantitative. Given the investigative and explanatory nature of the research question and the choice of a constructive scientific theoretical approach, the major part of the research should be conducted through the use of qualitative research methods, such as case studies, future studies and a single questionnaire. However, this thesis will also contain research and data based on historical or quantitative data due to the fact that a historical study is needed to identify potential contextual iconic brands and the performance of these.

The choice of one method does not exclude the use of the other - on the contrary. Research techniques within both categories are used in unison in this thesis - much like the interlaced use of theory and empirical data.

The qualitative research in this thesis relies heavily on one technique; case studies. The data generated through a case study will naturally be more subjective than any information derived from general statistical data. This is due to the fact that the choice of exactly which case to study is made by the conducting entity on the basis of the knowledge he or she possesses, which in return inevitably will induce expectations of what results the study will carry. Such a method as it is used in this thesis is said to be deductive or hypothesis testing (Darmer & Freytag 1996). This method is useful when researching in fields where theory already exists, such as branding.

The rest of the qualitative and quantitative research and data is for the better part based upon published and widely acknowledged material, if any should be considered unreliable or unrealistic in any way, it will be commented upon in the section in which it is used. Any financial data or calculations used in later sections comes from Datamonitor, Yahoo! Finance or the like, and should likewise be considered as correct and reliable.

The following section will briefly introduce the three main theoretical perspectives used.

2.3 Theoretical perspectives

In order to understand the content and structure of the theoretical perspectives of this thesis, a short presentation of the three general theoretical perspectives used is essential. Naturally the nature of the research question entails that a majority of the theory and literature used is centred on branding - but in order to justify the structure in later sections, a separation between what could be defined as "traditional branding" and "contextual branding" must be established; as these impose the two main theoretical perspectives.

The term traditional branding is used throughout the rest of this thesis. It is however necessary to clarify that the theoretical structure behind the term traditional branding, is based on material and theories published more recent than 1970. This might be somewhat misleading since the term branding has been around for much longer; but in order to ensure relevance in relation to the research question and topic of this thesis, it is necessary to tighten the theoretical scope.

The theoretical term of contextual branding is somewhat more recent than traditional branding.

Contextual branding is however more complex in the sense that it draws upon science within culture and psychology to a greater extend than traditional branding. Hence, in order to fully understand and apply contextual branding this thesis draws upon the theoretical aspects from many fields of science and academic research.

The research question of this thesis cannot be answered successfully without the use of empirical- and cultural theory and data. In order to gain the desired insight into the anatomy of a financial crisis and the impact it has on the cultural context and the minds of the consumers, this thesis draws upon literature and theory concerning the subject of financial crises in general.

Furthermore, this thesis draws upon the history of corporate culture and capitalism in order to create the empirical and contextual link between theories of crisis and branding.

2.4 Limitations

The intention of this thesis is to provide a valuable contribution in understanding the link between branding - contextual branding in particular and the performance of companies under certain contextual environments. As this is a somewhat narrow scope by definition, this imposes several limitations on the focus and research within this thesis. These limitations are imposed to ensure a satisfactory depth in focus, while still providing enough scope to establish and conclude on new theoretical and empirical connections.

One limit of this thesis is that the results of the research question and further recommendations are highly dependent on what empirical cases that are used. The purpose of this thesis is therefore *not* to uncover a general recipe for success, but rather to describe how the brand in question should act; given previous performance and the theoretical aspects covered. Hence the results are not to be considered as being applicable in all cases.

Furthermore, the theoretical focus in part two of this thesis is mainly on the general academic perspectives rather than a detailed presentation of specific branding techniques and strategies. This is a conscious choice made in order to get the sufficient width in the theoretical perspectives so that the later comparison and analysis will be based on a sound theoretical assessment.

The general research method assumed in this thesis implies a certain degree of subjectivity – something that is unavoidable. The subjectivity is especially expressed by three factors. The first is the choice and formulation of the general research question – which inevitably imposes

expectations with regards to results and the methods used to achieve such. The second factor adding to the subjectivity of latter sections, is the choice of theoretical perspectives and tools – which given the vast amount of material concerning branding is a result of a selective process. The last major factor contributing to the degree of subjectivity is the conscious choice of what cases to use – which indirectly is dictated by the two points above.

It is clear that the most trendsetting limitation of this thesis is the degree of subjectivity that can occur. Bearing this in mind; criticism and self-scepticism is important aspects whilst dealing with theoretical research and empirical cases in later sections.

2.5 Thesis structure

The choice of the general model of research, the constructivist perspective and deductive research methods are highly influential on the overall structure of this thesis, which can be aggregated into four major parts: Introductory sections, theoretical presentation, empirical case studies and finally analysis and conclusion. Further illustration of the contents of each major section is portrayed in fig. 1 below.

Intro & Presentation	Theoretical presentation	Empirical study & cases	Analysis and conclusion
Introduction	Traditional branding	Case selection	Past performance
Problem statement	Contextual branding	Case analysis	Future performance
Method	Anatomy of a crisis	Case comparison	Conclusion
Limitations	Theoretical comparison		Recommendations
Structure			
Part 1	Part 2	Part 3	Part 4

Fig. 1 - The structure of the thesis, source: own creation

PART 2

3. Branding

The official definition of the term "Brand" is by the American Marketing Association defined as *"a name, term, sign, symbol or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate that from those of their competitors."* (Keller 2002). The reason for this broad definition is that it seeks to describe a

theoretical term that has evolved immensely over the past century. Branding in its most basic sense was first introduced as a method for physically marking products and livestock in order to distinguish it from that of the competitors - hence the name "branding", which stems from the Old Norse word "brandr" - to burn.

As corporate history evolved, so did the term branding and the ways of how it was used and applied. Brands started to become associated with certain *product qualities, reputation* and *values*. It is believed that one of the first of such significant multifaceted brands was that of Wedgwood - a British pottery who's brand became synonymous with innovative colouring and design by the name "Queen's Ware"(McGraw 1997). Wedgwood still exists and thrives on their brand created more than 200 years ago. One of the early famous Danish examples is that of Lurpak and the "Lur" brand. Butter marked with the special "Lur" brand was instantly associated with Danish quality butter - A brand that also exist today, see appendix 1 for illustration.

Throughout history companies quickly became aware of the importance and commercial potential of strong brands. The term of branding has evolved continuously towards becoming an integrated part of the greater identity of companies. It was however not until the late 1980'ies that branding as a general tangible method for leading companies was acknowledged (Keller 2002). Since then, the term of branding has become one of the most important assets in many companies, its influence seen in everything from the corporate identity, employee politics, leadership and product appearance. The following sections seek to present the most important theoretical aspects of "traditional branding" from this era.

4. Traditional branding

As mentioned above, the term "traditional branding" might be somewhat misleading, as branding itself is centuries old. However if seen in the light of recent developments within this theoretical paradigm it *is* most fitting, that theories that are no more than two decades old can be considered traditional.

In order to gain understanding in any field of theory, it is important to understand the general accepted conceptions by which such theoretical field are defined. The definition of branding is a static one.

The existence of different definitions of the term is a testament to the fact that branding is not a fixed theoretical term; but instead highly dependent on the underlying assumptions and general theoretical perspective assumed when assessing it. To fully understand branding, one

must apply theoretical aspects from several different schools of research such as sociology, economics, psychology and marketing. Bearing this in mind, the following sections seek to provide an objective theoretical foundation.

4.1 The concept of Brand value

Despite widespread discussions of the theoretical background, there is no doubt that successful branding and strong brands have a positive effect on the performance of a given company. Most of the research conducted within the field of branding agrees on the overall beneficial effects of successful branding (Keller 1998):

- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic response to price increases
- More elastic consumer response to price decreases
- Greater trade cooperation and support
- Increased marketing communication effectiveness
- Possible licensing opportunities
- Additional brand extension opportunities

Although most agree on the general benefits, they have different perspectives on how to categorize or explain these effects. Kevin Lane Keller categorizes them accordingly: *Product effects*, *price effects* and *communication effects*. Alternatively, Ian Lewis describes how they should all be perceived as either *growth* - or *profit effects*.

In addition, it is interesting to observe the difference in opinions concerning the general reasons or origin of the general benefits - whether these are results of the effect that strong brands have on the perceptions and reactions to marketing activities by the consumer (Keller & Hoeffler 2003); or if it is due to the possible advantages within the marketing mix that a strong brand can provide (Yoo et. al. 2000).

The many perspectives and perceptions on the effects of a brand and the origin of such effects can despite their differences be summarized by one theoretical aspect - *brand equity* (Keller 1998). However, the concept of brand equity is to some extent a subject of debate itself.

In the theoretical world of traditional branding, three different streams of academic research have defined or conceptualized the term of brand equity: psychology, economics and biology & sociology (Keller 2002). Despite the obvious difference in perspective, they all roughly agree on the fact that brand equity is the "more value" perceived by the costumer when presented with a product backed by a strong brand, as to when compared to a product without any significant brand association.

4.1.1 Psychological approach

The psychological perspective for assessing brand equity and branding in general has its academic offset in theories of cognitive psychology - concerned with explaining the effects of branding by cognitive and associative network memory models (Keller 2000). In other words, consumers categorize and memorize products **and** brands based on cognitive and emotional assessment of attributes, rather than on logical or rational reasoning (Keller, 1998; 2003; Loken & Roedder 1993).

Although agreeing on the general perspective of psychology when assessing brand equity, different researchers have applied different approaches in attempting to understand and explain the phenomena. Most of the research done by Keller on the matter of brand equity is conducted with a heavy focus on consumer behavior (Keller 1998; 2000; 2003), and so he defines costumer based brand equity (CBBE) as: "*The differential effect that brand knowledge has on consumer or costumer response to the marketing of that brand*"(Keller 1998)

Keller's conception of brand equity relies heavily on the notion of brand awareness and brand associations, which are key concepts in building and maintaining CBBE. Keller's definition of CBBE is moderately simple and precise, but his theoretical models supporting this definition are more complex. However a general model displaying the concept of CBBE that emphasizes the importance of the relationship between costumer and brand has been established (Keller 1998; 2002; 2003), and is illustrated in fig. 2.

An interesting theoretical perspective within the psychological approach in relation to this thesis is that of David Aaker. Aaker approach brand equity and branding in general from a managerial perspective. Hence, most of the research and published material is concerned with describing the importance of including considerations of branding in most aspects of a company. Aaker defines brand equity as consisting of 4 separate parts that represents either assets or liabilities for a given brand, symbol or company: *brand awareness, perceived*

quality, brand associations and brand loyalty. Aaker also emphasize the importance of the relationship with the consumer (Aaker & Joachimstahler 2002). This is particular evident in the definition of the theoretical concept of "brand identity" - in which he endows significant importance. Brand identity consists of twelve separate concepts categorized within four general perspectives that companies need to build and maintain in order to: "...Establish a relationship between the brand and the consumer by generating a value proposition involving functional, emotional, or self-expressive benefits."(Keller 1998).

However, Aakers definition of brand identity is a static one contrary to several new perspectives, which is seen in his description of core identity: "The core identity is most likely to remain constant as the brand travels to new markets and products..."(Aaker & Joachimstahler 2002). The Aaker conceptualization of brand equity is also portrayed in fig. 2.

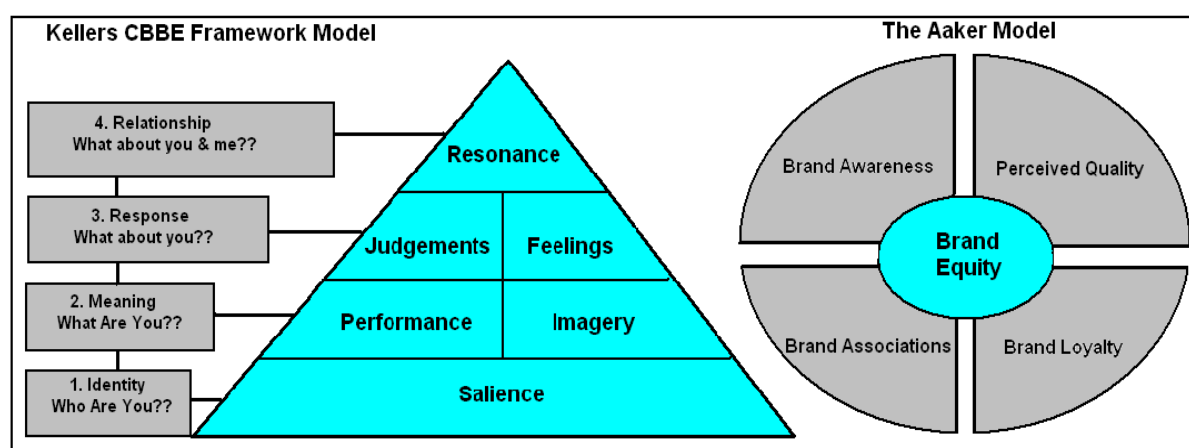


Fig. 2. - Conceptions of brand equity. Source: Constructed from original models from Keller 1998 and Aaker & Joachimstahler 2000

The models of Keller and Aaker are in relation to this thesis considered as cornerstones in the theoretical concept of traditional branding - and are used extensively throughout the remaining sections as well as for explaining crucial elements within the concept of contextual branding.

4.1.2 Economical and Sociologic approach

As most of the focus within the theoretical aspects of Keller and Aaker are based on the psychological perspective described above, this section on the economical and sociologic approach will be rather short and restricted. Leaving these 2 academic approaches out when describing traditional branding, would however be a mistake as they both contribute significantly to the general theoretical paradigm. Furthermore, the theoretical and academic borders separating the 3 perspectives are blurred.

The academic approach defined as being economical is different from the psychological approach in the sense that it relies *less* on behavioral aspects of the consumers, and more on the rational economical arguments of free markets and asymmetric information (Keller, 2002).

The contributions of Erdem and Swait (1998) is an example of a economical/rational approach of brand equity, as they consider brands as tools for informing and signaling consumers on attributes and aspects of products and companies, thereby reducing the need for information and research of the consumer. They still consider brand equity as being based on a relationship with the costumer, as a result of credibility rather than cognitive and psychological aspects (Erdem & Swait 1998).

The biologic and sociologic perspective is interesting and important in relation to this thesis, as the concept of contextual branding explained in later sections has part of its theoretical background in this school of branding. Compared to the psychological and economical perspectives, the social perspective does not focus solely on the two-way relationship between the consumer and the brand. Instead, the focus within this perspective is on the broader general cultural and anthropological importance of brands - in the sense that the popularity and success of brands are due to cultural and social trends, rather than the attributes and quality of products and companies (Keller 1998; McCracken 1993; 2005; Holt 2005).

It is evident that the three different academic approaches differ in their theoretical perspectives and the assumptions that these imply. However, it is obvious that they all agree on the basic benefits and effects that having a strong brand entails. Hence, the different perspectives should be seen as different paths to a common destination, whereas different scenarios and different contexts would require emphasis on any of these three perspectives. Bearing these similarities in mind, I believe that the original CBBE framework for building costumer based brand equity proposed by Keller, with a strong focus on the costumer relationship is a suitable general model for displaying the theoretical paradigm of "traditional branding". Further attributes of the CBBE framework is illustrated in fig. 3.

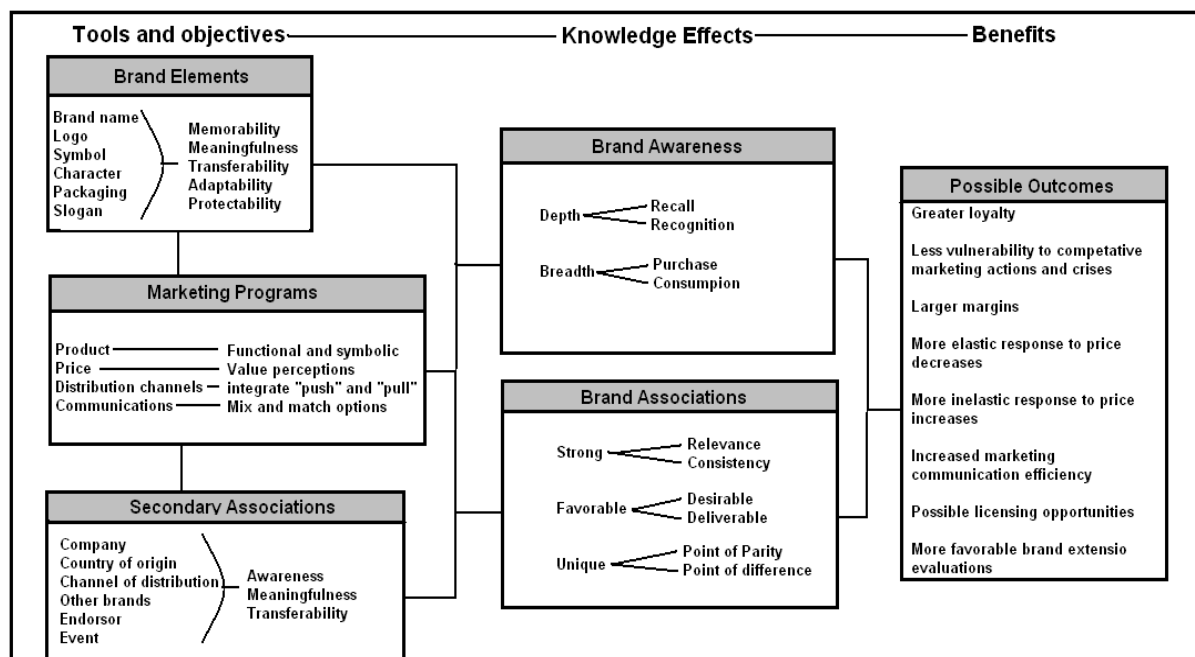


Fig. 3 - Building customer based brand equity, Source: Building, measuring and managing brand equity, Keller L. Kevin, 1998, page 69.

4.2 Measuring brand value

Naturally, the different academic approaches of the subject of brand equity have aspired several different ways of how brand equity is observed and measured. Keller and Lehmann (2006) prescribe that brand equity should be measured and investigated at three different levels: *costumer*, *product* and *financial*. The first of these approaches is the costumer based approach, where *"The value of a brand - and thus its equity - is ultimately derived from the words and actions of consumers"*(Keller & Lehmann 2006). Hence the value of a given brand is by this approach measured implicitly or explicitly by the knowledge and associations of a brand in the minds of consumers. Although this might appear rather abstract and hard to measure, several models have been developed to capture and measure these aspects, e.g. the AIDA model¹ and commercial models such as BAV² and the similar BrandZ database³-models that all result in vast commercial databases. Such costumer equity based models are largely derived by focusing on different emotional areas like those illustrated in the Aaker model in fig. 2 organized in a chain or a hierarchy (Keller & Lehmann 2006).

When assessing the value of brand equity on the product level, researchers have focused on studying the differences in price premiums, price elasticity and sensitivity to competitors' reactions (Keller & Hoeffler 2003). Numerous empirical studies supports the correlation

¹ Awareness-Interest-Desire-Action

² Brand Asset Valuator, www.brandassetconsulting.com

³ www.Brandz.com

between leading brands and the beneficial tendencies mentioned above. However, it has been debated to what extent brand equity can be accredited for such effects or if the correlation is the result of other determining factors (Keller & Lehmann 2006).

A third approach for measuring brand equity is based on models that study and interpret financial performance. Two popular indicators of financial performance used in such a way are Tobin's Q and incremental cash flows, which accrue to branded products over unbranded products. When applying these methods, researchers seek to measure, define and explain the components of market value *unexplained* by financial assets (Keller 2002; Barth Et. al 1998; Simon & Sullivan 1993).

As it was evident in the conceptualization of brand equity, the subject of measuring and defining the value of brand equity is highly dependent on the academic perspective applied. The following section reflects on how the benefits and the value of branding are reaped, by describing the core theoretical elements of brand building.

4.3 Traditional Brand Building

According to researchers it requires considerable effort and focus on a wide scope of tangible and intangible aspects to build a brand from which benefits will transpire.

Keller considers the term "brand elements" as a general description of the tangible physical "trademarkable" markers by which a brand or product is physically defined; such as logos, design and packaging, see fig. 3 (Keller 1998, 2002). Of more importance in this context, are the criteria for *selecting* and *designing* successful brand elements imposed by Keller: Meaningfulness, memorability, transferability, adaptability and protectability (Keller 1998).

Countless studies have been made to illustrate the importance of tangible aspects, ranging from the choice and combination of letters,

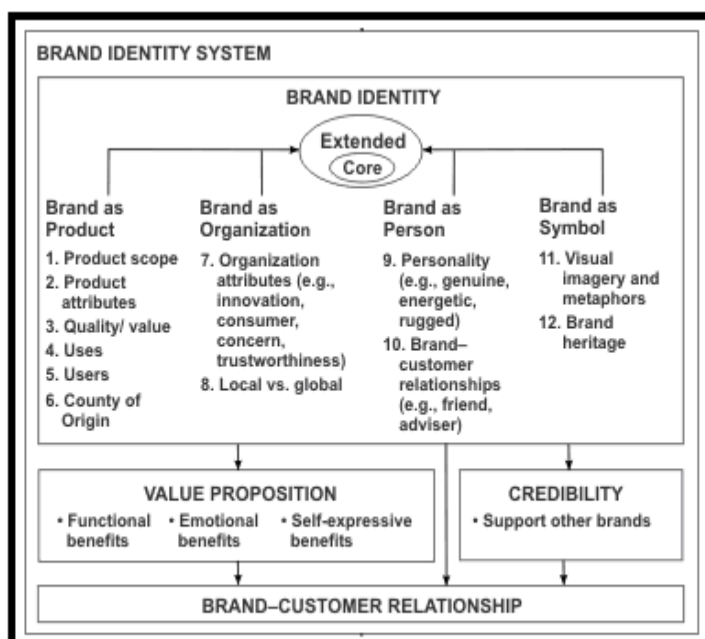


Fig. 4. Part of the brand identity planning model. Source: Aaker & Joachimstahler 2002, p. 44

to the cultural and semantic implication of certain names and different values imbedded in these (Keller 1998, 2002).

Aaker and Joachimstahler have similar - but more radical views on how the tangible and intangible aspects of a brand should be considered and separated. Their perspective is evident in their term of brand identity - and the related holistic strategic model of *brand identity planning*, a part of which is seen in fig. 4.

They propose that brands are built and maintained by focusing on the core - and extended identity of a brand; resulting in a value proposition consisting of both tangible (functional benefits) and intangible (emotional benefits).

Keller has similar views on the aspect of brand intangibles, and agrees on the importance of brand personality as seen in fig. 4. Brand personality is considered to be the human traits of a given brand, by which a relationship with a costumer can be established - a key element in all branding models within the customer based brand equity perspective.

Whether the intangible aspects of brands are defined as the knowledge effects of the CBBE model, or parts of the extended brand identity in the brand identity model; the value of such aspects is undeniable- and given the fact that such intangible aspects gain their value in the unique mindsets of the consumers - the possibilities are countless. One particular interesting intangible aspect in relation to this thesis and latter sections on contextual branding is the recognition of "brand communities".

Within the theoretical paradigm of traditional branding, Muniz & O'Guinn defines a brand community as "... *a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand*"(Muniz & O'Guinn 2001). Such communities have an immense impact on the set of values and the moral and behavioural aspects of consumption by consumers.

The existence of such social communities centred on one or more brands is a cornerstone in the theoretical perspective of iconic- and contextual branding introduced in later sections.

4.4 Leveraging the brand

Having chosen the brand elements and general marketing programme, the stage is set for leveraging the brand equity by methods such as brand extensions and brand associations. Keller describes secondary brand associations as being the possible link between the brand and other entities that have their own knowledge structures in the minds of the consumers.

This might in some cases result in the transfer of consumer responses and associations from one entity to another; hence if done successfully, one brand can "borrow" or "steal" brand knowledge or even brand equity from another entity (Keller 2002). This process has by McCracken been described as "meaning transfer."

These sections focus solely on the general topic of brand extensions and co-branding - both of which are related to all the factors within the list.

4.4.1 Brand extensions

The subject of brand extensions has since the introduction of brand equity been the subject of immense research. The exact definition of brand extensions relies on the academic and theoretical perspective by which branding is perceived. The research on consumer brand extension attitude formation by Keller and Aaker (1992) suggest the definition: "*The use of an established brand name to enter a new product category*"(Aaker & Keller 1992), by this definition, the benefits of brand extensions are obvious - companies can, if applied successfully, avoid the costs and risks associated with building a new brand, by convincing consumers that the positive attributes associated with the original brand are relevant to the new product/brand (Aaker & Keller 1992). According to Aaker and Keller, the success of brand extensions is determined by three factors:

1. "... **Attitude** toward the original brand" - which in the theoretical paradigm could be defined as the amount of brand equity.
2. "... **fit** between the original and extension product classes"
3. "... **perceived difficulty** of making the extension".⁴

The advantages of brand extensions are numerous and rather obvious, but if the perspective of Aaker and Keller above is assumed when assessing how to successfully leverage brand extensions; it becomes clear that conditions for successfully transferring a brand across different product lines, impose barriers.

Many researchers have turned their attention to studying the potential reverse and negative effects that can occur if brand extensions fail.

One of the most interesting aspects of disadvantageous brand extensions is the potential negative impact on the parent brand. Aaker and Keller conducted an empirical study, that

⁴ All three quotes are found at: Aaker & Keller, 1990, p29

suggested that the consumer perception of a given parent brand was *not* affected by negative attitudes or incidents towards sub brands (Aaker & Keller 1990). More recent studies by other researchers have however questioned the validity of these findings (Barrett et. al. 1999). In addition Keller recognizes the so-called dilution effects of parent brand image in his later publications (Keller 2002). Martinez and Chernatony (2004) introduces a brand extension perspective in which the brand image is classified by two types: the general or parent brand image, and the product brand image. They suggest that if the brand name is strong enough as e.g. Nike or Sony, the negative implications on brand or product extensions will cause no extensive damage on the general brand image - hence "*...the dilution effect is greater on product brand image than on general brand image*" (Martinez & Chernatony 2004). It is evident that the results of these studies vary depending on the context in which they were conducted.

Later sections will discuss the importance of such contextual and cultural aspects in explaining why some companies such as Virgin, can extend their brand across a seemingly limitless amount of lines of business, whilst other types of companies have failed in doing so.

4.4.2 Co-Branding

Closely related to the subject of brand extensions, is the topic of co-branding - a branding method that since its introduction has become increasingly popular. The list of secondary associations by Keller presented in the section above, illustrated how interaction between brands can leverage the brand equity of one *or both* the brands; which is exactly what co-branding seeks to achieve.

Brand alliances and co-branding in general is no new aspect in the world of branding; the ways in which it is applied have however evolved in recent years. Traditional brand alliances was typically between brands within the same industry, e.g. different companies within the food or snack industry would combine products. Examples of such are the collaboration of McDonalds and Nestlé in periodically launching products like the McFlurry with Smarties. A example could be that of Marabou and Daim. Both examples are illustrated below.



Fig. 5 - Examples of Co-Branding, Source: Own creation

In recent years, co-branding between companies and products within widely different industries have become popular. An example of such is the strategic alliance of Starbucks and Apple in 2006; in which popular music from Starbucks cafes became available in a special feature in iTunes⁵. On first glance, an alliance such as this seems to lack fulfilment of the criteria of fit and transfer between products - described in section 4.4.1.

However, if the transfer is focused on the *intangible aspects* of brands and brand identity - an alliance such as that of Starbucks & Apple starts to make sense, as many of the secondary associations and the extended identity are focused on the lifestyle and image of its consumers. The result is a fit between the *brand identities* rather than a fit between products. In recent studies Batra et. al. empirically illustrate this point.

4.5 Corporate vs. product brand building

It is clear that the sections of traditional branding covered so far have distinguished between internal, external, primary and secondary brand elements. Furthermore, theories of Aaker and Keller described how these traits were associated with the physical product as well as brand intangibles. In recent years the term of corporate branding has been gaining a foothold as general theoretical term that covers all these aspects of branding.

It is evident that the term of traditional branding used throughout this thesis is *not* just defined as being focused on product branding - the theoretical paradigm encompass several aspects relating to the holistic and identity based view on branding; which further underlines that the following theoretical proceedings concerning contextual branding is *not* to be perceived as an

⁵ <http://www.apple.com/pr/library/2006/oct/05starbucks.html>

alternative theory, but rather as a evolutionary theory - derived and created from principles according to "modern traditional branding".

This section concludes the sections concerning the presentation of "traditional branding". The subject of branding is as mentioned earlier a vast theoretical subject. The choice of theoretical topics presented is a result of the my assessment of relevancy in connection with the general topic of this thesis.

In addition, the topics of the theoretical sections so far, was chosen due to their relevance to the second main theoretical aspect of this thesis - Contextual and Iconic branding

5. Contextual iconic branding

Previous sections have sought to describe general aspects of traditional branding. The proceedings in following sections are somewhat different. These sections are dedicated to describing the concepts of *one* recent branch of branding - namely contextual iconic branding. Although contextual branding should be considered as an independent theoretical framework, the reader must keep the aspects of traditional branding in mind - as it is from these that the theories of contextual branding has emerged. The core theoretical aspects of contextual branding presented in these sections, are those presented mainly by Douglas B. Holt, supported by additional theoretical aspects.

In accordance with the previously described general research method of this thesis in section 2.2 - the purpose of the following sections is double sided, as they serve the purpose of providing the necessary theoretical insight needed to identify relevant empirical cases - as well as serving as the theoretical tool by which these cases are later analyzed.

5.1 Icons as brands and brands as icons

Naturally, the development in branding has always been closely related to that of other schools of academic research and social science. It can be argued that the first seeds of a need for a different type of branding were already planted by Levy in the 1950's with his notion that the product no longer was the only entity consumed - symbols and brands were perceived as equally important (Levy 1959). The scope of branding has been increasing ever since, encompassing both the marketplace and the social landscape, transforming such into a commercial "brandscape" (Salzer-Mörling & Strannegård 2004).

One of the most recent and complete theories based on these "new" views of consumption and branding, is that of Douglas B. Holt - concerned with contextual branding.

Contextual and iconic branding as presented by Holt has its offset in the notion of icons and exploration contextual and cultural trends.

History has shown that cultural icons can be anything or anybody - ranging from persons such as Oprah Winfrey, David Beckham or Barack Obama, to companies such as Virgin, Nike, Apple and even buildings such as the Statue of Liberty or the Empire State Building. In other words - icons can appear in any form within any given context. The typical dictionary definition could be: *"a person or thing regarded as a representative symbol, especially of a culture or a movement; a person or an institution considered worthy of admiration or respect"* (Oxford English Dictionary 2010), which put short, according to Holt, could be expressed as *"...cultural icons are exemplary symbols that people accept as a shorthand to represent important ideas."* (Holt 2004) These definitions gives an impression of the potential impact on consumers, but no clue as to how such icons are created, maintained, exploited; and of special relevance to the subject of this thesis - how this relates to branding.

The existence of icons dates back as long as human history. Originally, icons were created as products of religion and myths. But as with the subject of branding; the catalysts behind the emergence of icons have undergone drastic evolution (Holt 2002, 2004). From being the products of myth and religion, - to becoming precisely calculated commercialized products, appearing in most industries, ranging from sports to politics.

Academic research of culture, anthropology, sociology and history have analyzed *why* icons have come to posses such massive importance in societies all over the world. Amongst the results was the notion of how cultural icons imply and carry certain cultural stories; defined by Holt as identity myths (Holt 2004); myths that consumers use to address and identify with in order to define and justify their own personalities and identities. Hence, the value of icons resides in the symbolic value. The research of Holt seeks to illustrate why and how some of the most successful brands in the world have been build and commercialized in accordance with century old principles of icons (Holt 2002) – **Enter icons**

5.2 The contextual definition of a brand

In contradiction to the fundamentals of traditional branding, contextual branding does *not* consider names, logos and design as elements of a brand; these are mere empty markers (Holt

2004). A brand does not truly exist in a given context or in the minds of consumers before these physical markers are filled and associated with stories, myths and consumer experiences. Holt generally defines four sources from which such stories and myths are generated:

- Companies
- Culture Industries
- Intermediaries
- Consumers

Furthermore, he states that marketers and researchers in general perceive branding as a psychological phenomenon - solely based on the *individual* assessment of the given product or brand. In the world of contextual branding, the strength of a brand reside in the *collective* denominators of such perceptions; hence it is the general context in which a brand resides that becomes dominant in the relationship with consumers - **Enter context**.

Having showcased the importance of **icons and context**, a general term for further use in relation with this thesis can be defined. For the sake of simplicity, the term contextual branding will be used henceforth, and should be perceived as a holistic theory regarding the aspects of contextual, iconic and cultural branding.

5.3 The contextual strength of brands

While agreeing on the general benefits associated with having a strong brand, the theoretical paradigm of contextual branding has a different assessment of what the catalyst for reaching such benefits are, as well as how weak or strong brands are defined.

Researchers in traditional branding agree that the strength of a given brand can be defined by the term brand equity - previously described in section 4.1. However, Holt defines the strength of a brand by the term identity value (Holt 2004). This term describe the degree to which a brand is perceived as important in relation to the identity of a given consumer. This concept - as presented by Holt, results in a classification of brands, ranging from identity brands to genuine cultural icons. This framework is seen in figure 6.

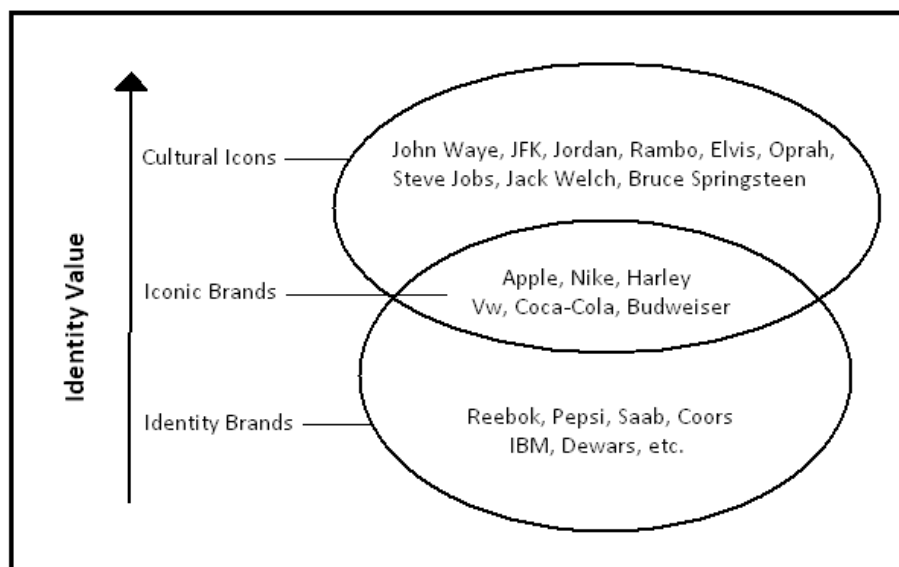


Fig 6, Iconic brands are brands that have become icons, source: Holt 2004, p. 4

It is evident, that this framework does not encompass all brands - seeing as identity brands illustrated in the bottom, are still considered more valuable than conventional brands - hence, the theoretical paradigm presented in these sections, should be considered as a theoretical tool for analyzing why certain brands perform *exceptionally* well under different contexts - even a financial crisis.

By definition, a brand becomes an identity brand as soon as consumers value the brand for what it symbolizes, rather than for what it does. An example of which is when consumers visit Starbucks in order to feed of and portrait the lifestyle that emanates from the restaurant and the concept of a third place⁶. The brand becomes an object by which consumers seek to create their desired identity - by "clothing" themselves in the myths, associations and values of the desired brand (Holt 2004).

In line with the theoretical views of Holt, Fournier (1998) describes how the perception of brand identity should be taken one step further. According to Fournier, a brand should be perceived as a person with whom consumers have a relationship.

If successful, the best of brands communicate so much identity value, that they achieve iconic status - see fig. 6. Once iconic status is achieved, the given brand is seen as an institution in

⁶ The concept by which Starbucks define themselves and their restaurants; not at home, not at work - but somewhere in between.

society from which myths and identities are created and "fed" on by not only consumers, but also smaller and less significant brands.

Having established the contextual and cultural concept of a brand, it is interesting to examine and define the factors and processes by which iconic brands are created - which is essential for identifying and analyzing the empirical cases in later sections.

5.4 Building Iconic Brands

The following sections seek to provide an overview of the elements of brand building within the theoretical paradigm of contextual branding. As seen in fig. 6, the basis of all iconic brands is the notion of identity value - for which the actual physical product has no significant importance; identity brands compete on myth markets (Holt 2004). To many marketers and researchers, this is a controversial statement, which from a traditional theoretical point of view is hard to grasp; how can major brands be build on cultural briefs, contextual contradictions, fictive myths and stories? To understand this, one must first understand why such factors have become so appealing to consumers, shifting of the "arena" of competition towards myth markets.

5.4.1 The structure of myth markets

Myth markets is the stage upon which identity brands compete (Holt 2004) - the structure of these is unlike that of any traditional markets, which are often defined by either products or/and industrial clusters (Porter 1998). Myth markets are defined as being composed by three separate "building blocks": *National Ideology*, *Cultural Contradictions* and *Populist worlds*. The structural interaction of these is seen in fig. 7.

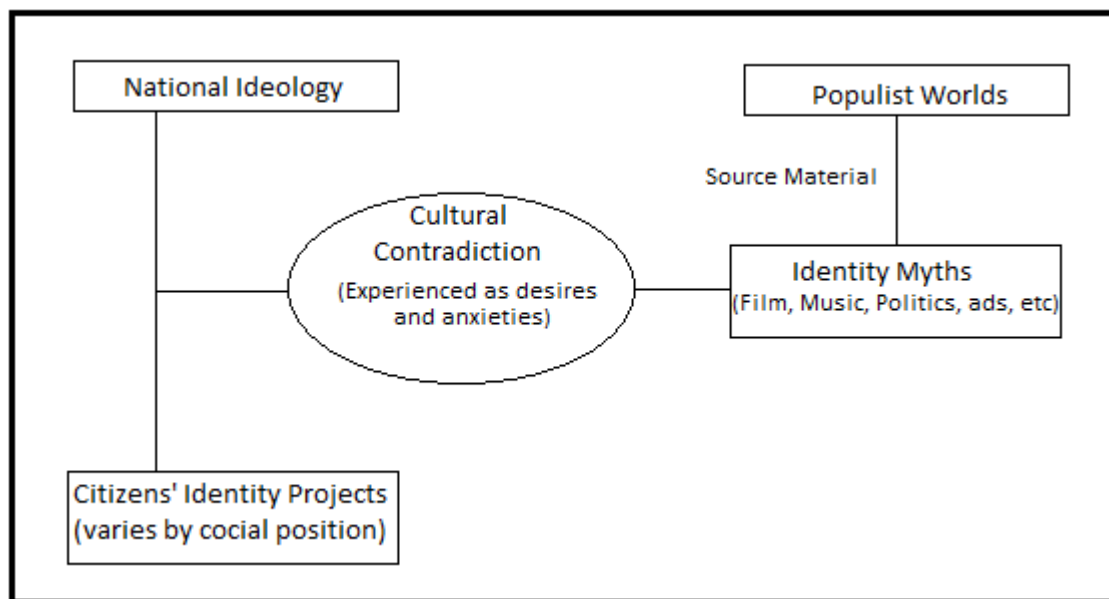


Fig. 7, The Structure of a myth market, Source: Holt 2004, p. 58

In order to understand the implications of the interaction of the three "building blocks", one must first understand the concept of these.

5.4.2 National Ideology

The nationality of a given brand is extremely important, as this implies more associations than just those of flags and languages. Nationality imposes a general framework, including a moral consensus, institutions and different sets of values - by which the rooting factors in the identities of the inhabitants and consumers are defined (Holt 2004).

The nationality is by Holt considered to be the fundamental aspect in forming the general moral imperatives, that propel people and consumers to pursue national goals as they seek to create identities that meet the society's definition of success and respect. These findings are supported by Batra et. al. (2009) according to whom the nationality of a given brand greatly influence the choices of consumption made by consumers.

Expressing a national ideology is not a question of declaration; - the ideology of a nation is created and maintained by a number of often critical historical myths - of which the most important are the ones that are concerned with how citizens are linked to the so-called "Nation building project" (Holt 2003, 2004). This is important not only in relation to the citizens of a country, but also to the creation of the "external national ideology" with which foreign consumers might choose to identify (Batra et. al. 2009; Holt 2004)

The conceptualization of the importance of national identity might seem somewhat abstract. An example, is that of the American national ideology.

Few people can claim *not* to have associations of USA when confronted with names and brands such as Coca-Cola, McDonalds and Ford. These iconic brands all tap into the national identity of USA in their own ways; e.g. the history of Ford portray the national values of individual success, manhood and superior industrial power (McGraw 1997) - resulting in a conscious and unconscious association between brand and national ideology. However, such associations does not appear out of thin air; they are the results of cautiously planned marketing and the creation of myths; - myths that throughout time have become part of the national ideology itself and thereby seen as authentic.

As mentioned above, some myths created and aspired by major companies, can if very successful be traced in the national identity of a given country. According to Olins (1999), such occurrences are atoned to the phenomena by which companies and nations are trading identities with respects to branding. The reasons for this recent development, are according to Olins that major international companies are still growing in power and influence. At the time of his research (1999), Olin found that 46 out of 100 of the world's largest economies were companies *not* nations. Secondly, due to the increasing rate of globalization and international competition, nations are forced to focus on inward investment, tourism and export (Olins 1999). Hence soft areas such as social security and responsibility are now being addressed by companies at an increasing scale.

It is safe to say that nations and companies are dynamically interdependent and that national identity is important in all contexts.

5.4.3 Cultural Contradictions

The ways by which the identity projects of consumers relate to national ideals vary greatly within different societies in any given context. Nowhere is this more evident than in the USA. Few would agree that the perception of the definition of the national ideology by an inhabitant in Eureka Springs AS⁷ is the same as that of an inhabitant in New York City. The reason *why* the different individual identities in the country relate to the national ideology, is according to Holt due to the existence of so-called *cultural contradictions* (Holt 2004, 2003).

⁷ Small town in Arkansas, chosen randomly but specifically to represent a typical small "hillbilly" town

Cultural contradictions are the results of the demand for a symbolic resolution needed to help "smooth" the tensions in the process of creating identities. In other words; cultural contradictions help fuel myths designed to justify the individual identity in relation to the national ideology - hence its position in the myth market framework, see fig. 7. Cultural contradictions play a central role in the creation of myths in society. But as with most concepts in the world of branding, cultural contradictions evolve and change over time - thereby changing the associated myths within the context; which in return fuels the need for a constant dynamic focus in order to maintain the desired position within the cultural brief and populist world.

Such changes are eminent when so-called cultural disruptions occur. Cultural disruptions are major changes in the contextual environment that changes the general consensus and in some cases even national ideologies (Holt 2004). An example of such a disruption is the ongoing financial crisis. This crisis has changed the way most people perceive the financial context. Thus, cultural contradictions within this paradigm are perceived as threats *as well* as opportunities.

5.4.4 Populist Worlds

Whilst cultural contradictions serve as an intermediate in the interactions between the individual identities and ideology; populist worlds serve as the raw material from which myths are built. Holt defines a populist world as: "*... groups that express a distinctive ideology through their activities*" (Holt 2004). Populist worlds are considered as "potent cultural institutions" due to the degree of authenticity they emanate to the "outside world", which stems from three different characteristics (Holt 2004, 2002):

1. Populist worlds are folk cultures- voluntary and not imposed.
2. Activities in populist worlds are intrinsic valuable to the participants; hence the value perceived is not regarded as external benefits or the like.
3. Populist worlds are set in places removed from politics and commerce, hence removing the doubt of an alternative agenda.

These three points all add to the perception of authenticity, but as populist worlds grow, so does the attention they get and their commercial potential; often resulting in a conflict in point three above. A perfect example of where such developments and deterioration of populist

worlds take place, is within the music industry. Here, previous underground bands lose their authenticity as their popularity grows and leaves them "mainstreamed"

In relation to populist worlds and the internal structure of consumer groups, Holt define three different groups of consumers surrounding brands (Holt 2004): Insiders, followers and feeders. These three groups all interact, draw upon, and contribute to the context surrounding a brand. Furthermore, the *internal* relationship between these groups is also highly influential on the surrounding context - thereby affecting the creation of myths and the degree of loyalty these impose. Figure 8 and the following sections below illustrate the importance of these three constituencies.

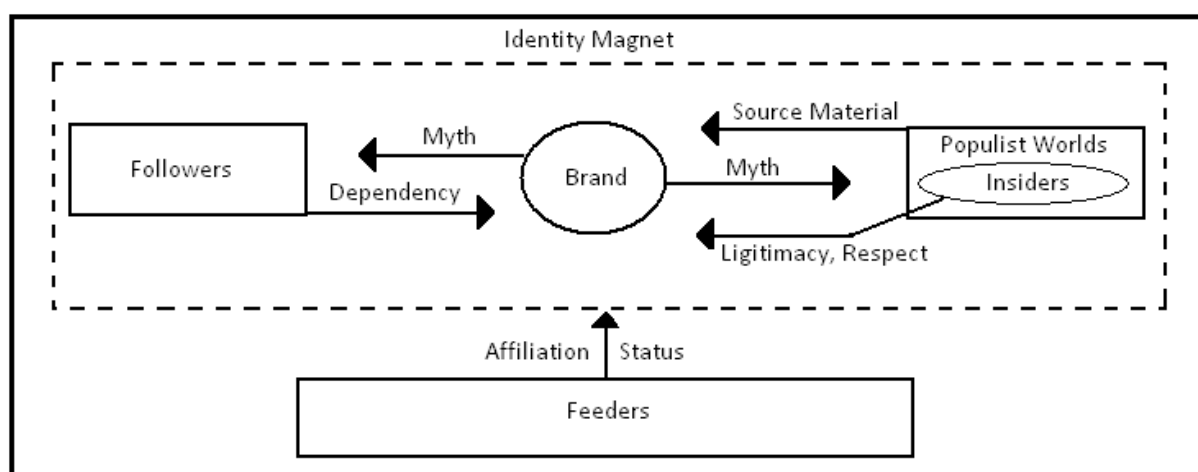


Figure 8, Brand Loyalty is a product of the social network, Source: Holt 2004, p. 140

Followers

Followers are within this terminology considered as the group of consumers which identify with the myth of a brand the strongest. This group relies on a given myth to satisfy their everyday desires and anxieties (Holt 2004). As a result of this dire need for myths, followers become dedicated and infatuated with the target or provider of myths - the brands. The followers constitute much of the basis for the iconity of brands - and their degree of loyalty is substantial. However, they are not to be considered as blind followers - they only turn to a given myth for identity value as long as such is considered authentic in their social context.

When contexts change and shirk, so does the desires and anxieties of the followers.

What was previously considered morally correct and authentic in a community of followers, can turn around in a short span of time. When using these theories for identifying and analyzing empirical cases in later sections, it is important to acknowledge and consider the

fact that contextual changes such as a major financial crisis can have a major impact on the contextual environment surrounding a brand.

Insiders

As seen in figure 8 above, a second important group of consumers in a brand's vicinity, is the insiders. As the name suggests; insiders are the "gatekeepers" or/and founders of populist worlds. Seeing as brands usually seek to tap into existing populist worlds, the interaction between brand and insiders is crucial; foremost due to the fact that the loyalty of followers depend on the accept of the brand by the insiders of the given populist world, as it is these that provide the authenticity on which the brand and its associated myth is dependant.

Holt conducted an empirical study of the brand of ESPN, in which the separation of insiders and followers was especially clear; furthermore, insiders only accounted for around 10-20 % of the consumers, who were viewed as experts in sports by their immediate surroundings, and *"Insiders work extra hard at their mode of watching sports to build a boundary between themselves and mere spectators."* (Holt 2004).

Hence the intrinsic value enjoyed by insiders, is a result of their exclusivity and role as experts. When a populist world becomes "flooded" or overpopulated, these statuses disappear deteriorating the authenticity of the populist world, damaging the associated myths.

Feeders

Feeders is the group of consumers that Holt denotes as the *"cultural parasites"* (Holt 2004). They thrive superficially on the values and social status of a given icon or populist world. In other words, they emulate membership of a given populist world, and are therefore loathed by the insiders who created it.

Feeders are the most profitable group of consumers in the brand community. They stay loyal to the brand as long as the identity value of such is sufficient. It is evident that Holt's definition of a brand community differs from that of Muniz & O'Guinn (2001) in the sense that his definition of the different groups *within* a community provides valuable explanatory information on the interaction between the different constituencies; the value that each constituency finds in the brand also relies on the relationship of the other two.

Feeders stay loyal as long as the followers bestow the brand and myth with identity value; in return, followers only do that as long as the authenticity of the insiders is preserved. Although insiders resent the idea of having their populist world invaded, they also rely on the feeders and followers to provide the status and feeling of being experts.

According to Holt and Muniz & O'Guinn, brand communities are bestowed with the potential to enhance the loyalty of costumers. Thompson & Sinha (2008) have taken the study of the implications of such loyalty one step further. Their study examines the effect of loyalty in the opposition to opposing brands and products, as well as new products from the "admired brand" (Thompson & Sinha 2008). They found that longer-term membership of a brand community increase the likelihood of opposition against competitive brands, and increase the rate of acceptance of new products from the admired brand. These findings are compatible with Holts definition of the three different consumer groups above; assuming that the term of membership in a given community- or populist world by an "insider" is considerably longer than that of a "feeder".

Furthermore, Thompson and Sinha examined the effects of overlapping memberships in different brand communities; something not quite captured by the previous studies by Holt and Muniz & O'Guinn. Surprisingly, they found that higher participation in overlapping brand communities might actually increase the likelihood of adopting products from rival brands (Thompson & Sinha 2008). This is due to factors like broad brand knowledge; and more importantly- overlapping identities (Brown 2000). The existence of such can prove hard to uncover through market surveys but remains something that brand managers must consider nonetheless.

The complexity of the interaction and behaviour of brand communities and the imbedded groups of consumers, entails that in order to be successful over a longer period of time, a company must continuously adapt and shift their associated myths so that the exclusivity of the populist worlds is not forsaken.

5.5 Culture, consumption and the transfer of meanings

It is evident from the description of contextual branding so far, that the theoretical paradigm has abandoned classic assumptions of economical behaviour and Homo Oeconomicus; and that the true value of contextual branding according to Holt, lies in the alignment and transfer of associations, meanings and values between cultural and contextual institutions, the brands and consumers.

Such conceptualization might seem somewhat abstract, in the sense that it offers scarce insight as to *how* such successful transfers take place and *why* such create so immense contributions to the potential value of and loyalty to a brand.

The research by Grant McCracken offers such insight into the mechanics of the underlying factors of contextual branding; the following sections are dedicated to illustrating this.

5.5.1 The significance of culture

"... man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretative one in search of meaning." (Geertz 1973). This quote by Geertz illustrate McCracken's' view on the significance of culture. Whereas Holt's full attention is on the concept of branding, McCracken is concerned with material culture and the relationship between culture and consumption - thereby adding unique complementary knowledge to the framework of cultural and contextual branding.

The general conception of McCracken is; that culture is the lens through which we perceive the world; culture constitutes the world for inhabitants by adding relative cultural categories and significant meaning. He perceives a brand as a bundle of meanings, organized in relation to these categories (McCracken 2005).

The concept of cultural categories is important in understanding the mechanics of contextual branding and transfer of meanings. According to McCracken, each culture creates and defines unique cultural categories, which are then realized and enforced by unique patterns of consumption, e.g. clothing, food and transport etc. (McCracken 1986, 2005). The reason as to why certain objects enforce and define the existence of cultural categories is the concept of meaning transfer.

5.5.2 Meaning Transfer

In the process of justifying the culture of material consumption, Grant McCracken relies on his model of meaning transfer - by which values are transferred from culture to products and from products to consumers. The concept of meaning transfer is not a new one; and the theoretical perspective of McCracken's model is much like that how meanings are transferred in the course of semantic compositions - in the sense that it relies mainly on the notion of "*cognitive linguistics*"

Whether it is culture or words, the transfer of meanings can be summarized as: *"... they enable us to identify one thing in virtue of its relation to another..."*(Nunberg 1995, p. 1).

The general model of cultural meaning transfer presented by McCracken is presented below in fig. 9.

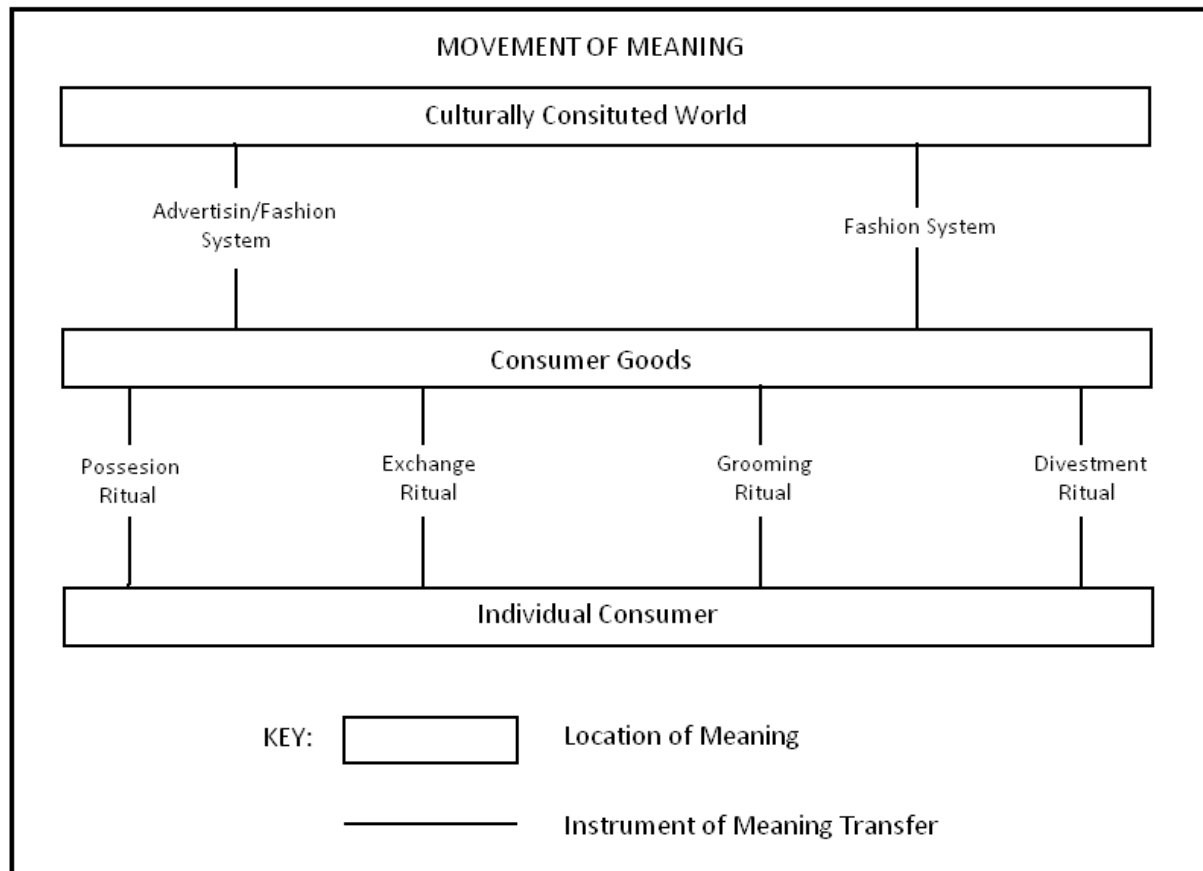


Figure 9, Meaning transfer Model, Source: Adapted from McCracken 1986

As seen above, meaning is transferred from objects by what McCracken denotes as different instruments. The brand or product obtain values from its object or context of choice by advertisement and the use of so-called "*fashion systems*" - a concept proposed by Roland Barthes in the late 1960'ies.

This term explained how, in the fashion world any word could be loaded with idealistic bourgeois emphasis; thus, if a person of admiration or fashion in general express enthusiasm or admiration of a certain item, that item will instantly be accepted and naturalized. Companies can take advantage of such fashion systems which are self-sustaining through time.

The purpose of advertising and market positioning in the theoretical paradigm presented by McCracken is crucial; the sole purpose of advertising is to portray and enforce values rather than traditional product information. This is also evident in McCracken's conceptualization of the two different marketing paradigms, - the information model and meaning model (McCracken 1989, 2005).

The difference between the two is essential and likewise applicable to the general paradigm of contextual branding as presented by Holt. The key points of these two paradigms are seen in table 1 below.

Meaning Model	Information Model
<ul style="list-style-type: none"> • Consumers have cultural projects embedded in contexts • The context is defined by cultural categories • The identity project of consumers is ongoing throughout life • Projects and context are dynamically changing • Cultural meanings in and around products constitute the cultural context of consumption 	<ul style="list-style-type: none"> • Consumer is focused on information and logical decisions • Choice of goods based on rational information assessment • Consumers ignore cultural context • Model ignore the cultural projects of consumers • Is based on benefits and economical rationality

Table 1. Meaning vs. Information model, Source: Adapted from McCracken 1995, 2005 and printed notes from the course: Kontekstuel Branding at CBS.

Having established the importance of meaning, values and identity, it becomes evident that any brand can be charged with any meaning - by which the brand is reduced to an empty marker; much like the status of products in the views of Holt presented in section 5.2. However, the process of endowing a brand with different meanings entails a large array of considerations and limitations regarding *meaning management*.

Managing the meanings of a product or a brand does not only imply the need for control of a dynamic output in the form of an appropriate fit; the sources from which meanings are drawn are equally abundant and complex.

The meaning transfer model imply a complex relationship between consumer and brand - much like that described in general by Holt and Fournier, the latter also express the importance of realizing that the transfer of meanings moves both ways, resulting in confusion of who defines who; the consumer or the brand. The general model as proposed by McCracken assumes a top down perspective - from culture, to product, to consumer. Thompson & Heytko (1997) criticizes the model on this point and argues for a bottom up perspective, by which consumers become active participants in creating and maintaining

cultural meanings; which given the existence and importance of the previously mentioned brand communities seems justifiable.

Having established the vast potential and complexity of meaning management in relation to branding, the task of conceptualization remains; as mentioned previously - and as seen in fig. 11, the transfer of meanings from a contextual object to a given product can be done with advertising. One particular relevant instrument related to this, is celebrity endorsement.

5.5.3 The identity value of celebrity endorsement

"... The argument is that the endorsement process depends on the symbolic properties of the endorser" (McCracken 1989).

McCracken's views on celebrity endorsement are based on social science, and in its core sense it is concerned with explaining why certain endorsers appear persuasive whilst others fail to do so (McCracken 1989, 2005). Hovland & Weiss (1951) suggests that the degree of persuasiveness of an endorser rely on the degree of "*expertness*" and "*trustworthiness*" of the endorser if seen through the eyes of consumers (Hovland & Weiss 1951). In addition to relying on communicational studies; the meaning transfer model of McCracken draws upon the theoretical paradigm of social psychology and the research of McGuire et. al. in which the effectiveness of a given message is defined and scaled according to the attractiveness of the source - given the context for which the symbolic message and meaning is intended.

Applying key points from both the source credibility *and* the source attractiveness models, McCracken presents a complete model of celebrity endorsement and meaning transfer.

Based on the points of meaning transfer covered by this thesis so far; it is tempting to assume that the hardest part of the meaning transfer process is the actual transfer of meanings by use of advertisement and other instruments. Although this might very well be true, the *success* of the brand given this transfer, is dependent on several factors more complex than the simple use of advertisement or identifying and exploiting a given fashion system. One of the most important of such factors or tasks is the identification and deciphering of the entire set of values or meanings associated with an object or a celebrity.

Besides the more simple categories such as demography and lifestyle, the personality is harder to define. Celebrities that are prone to appear in "typecast" roles have public personalities that are easier to define, and the identification of the desired meanings is easier;

hence increasing the endorsement potential of such typecast celebrities (McCracken 2005). An example of such could be Sylvester Stallone, whose public personality given his extreme degree of typecasting, is centred on manhood, strength and the USA. Considering the complex sets of values of celebrities, meaning management implies control of input values as well as output.

5.6 Branding as storytelling

Having illustrated that culturally constituted myths and the transferring of meanings from these are some of the central drivers of contextual branding, this section combines the two - describing how brands can be seen as both the authors and participants of socially and culturally constituted stories.

The notion that brands contain, and are marketed by the use of stories is not new. Salzer-Mörling & Strannegård (2004) describe how such storytelling when viewed traditionally imply the existence of dynamic stories in which the companies or the brand is the sender, and the consumer the receiver. Fog, Budzt and Yakaboylu (2002) illustrate how the composition of such stories is not far from the traditional composition of fairytales, implying 4 elements, *Indented message, fictional story, conflict* and *a cast of roles* (Fog et. al. 2002)

Abandoning the traditional conception of these stories as being static, and implementations of the key points of contextual branding and meaning transfer; it becomes evident that modern consumers seek to become participants of such stories rather than mere recipients.

5.7 Contextual branding - a natural development?

The content of the sections concerning contextual branding above, describes in short the key elements of contextual branding; revealing a complete theoretical paradigm *based* on the concepts of traditional branding but completed and presented by the use of key elements from the theoretical perspectives regarding cultural studies, icons, myths, storytelling, meaning transfer, identity creation and celebrity endorsement; all of which adds to the unique theoretical disposition of contextual branding.

"Since the late 1980s, brands have gained centre stage in marketing and in the managerial discourse. From having been a mere marker that identifies the producer or the origin of a product, the brand is today increasingly becoming the product that is consumed"(Holt 2004)

The quotation above describes this evolution within branding as seen by Holt. Despite the shared consensus of general benefits and the importance of brand management; traditional branding and contextual branding differ in many ways. The ongoing financial crisis offers an excellent opportunity to test if either of the two general theoretical paradigms presented in this thesis so far, proves advantageous.

Traditional branding with its cognitive and logical approach - in which the product still represent an important asset - leveraged by key terms such as brand equity, is opposed by the modern concept of contextual branding, in which the product has little or no importance; what does matter, is the *identity* of the brand.

Is Contextual branding nothing but a natural theoretical development? - In order to asses this; a theoretical comparison must be made.

The following sections seek to compare the strengths and weaknesses of traditional and contextual branding in the light of the financial crisis and the current context, in the attempt to establish a sound theoretical framework for identifying and explaining empirical cases in latter sections.

PART 3

6. Composing the theoretical framework

According to the chosen method and research approach, the purpose of the previous sections was to present a complete theoretical foundation on which a more precise theoretical framework for further analysis could be derived.

Given the scope of this thesis; only a limited number of theories concerning branding were chosen due to their relevance to examining *if* and *how* the brands of some companies perform extraordinarily well during times of cultural disruptions and how such could prove advantageous during times of crisis.

6.1 A General theoretical comparison

Having presented what I consider to be the cornerstones of traditional branding and contextual branding; it becomes evident that solely relying on either of these for further analysis would be disadvantageous and could potentially lead to biased results.

It is not as much a choice of a distinctive theory as it is a choice of perspective.

Is a brand a "lifeless artefact" or indeed a "living entity"?

Hanby (1999) assesses this question assuming similar views as of this thesis, by describing a "classic" conceptualization of a brand, based on the original definitions as presented by the AMA - see quote in section 3.0, and a "new" conceptualization of the term branding assuming the importance of identity and social interaction.

However, he places the views of academics such as Kapferer and Aaker within the new concept of branding (Hanby 1999), whereas I, in previous sections have placed these in the "traditional" theoretical paradigm.

I believe that previous sections have illustrated a difference not only in the concept of a brand, but also the concept of identity. Whereas Aaker might be amongst the first to realize the importance of the identity of brands, it is evident that his views of such are based on a static perception, in which a brand's identity is fixed and maintained throughout time (Aaker 1996; Aaker & Joachimstahler 2002). This is contradictory to the new contextual perspective of branding assumed in this thesis, in which the focus of identity and cultural meanings are defined as being dynamic - and to a greater extent correlated with contextual changes. Hence, the perspective assumed in defining the difference between the perspectives applied in this thesis is closer to those illustrated by Csaba & Bengtsson (2005); by which the identity of a brand is defined as collaboration between brands, companies, contexts and consumers.

Bearing the different ways in which the theoretical paradigms can be defined and separated, a differentiation can be made.

Table 2 below illustrates the differences in perspective by the two different conceptualizations of branding presented in this thesis so far.

	Traditional Branding	Contextual Branding
Theoretical background	<ul style="list-style-type: none"> • Historical theory - physical markers of separation and ownership. • Many theoretical approaches, most of which relate partly to cognitive psychology, and partly to logical/functional decision-making. • Compete in traditional markets • Specific approach addressed in this thesis is focused on customer behaviour and psychology, see section 4 • Focuses on product and/or identity branding from a static perspective. 	<ul style="list-style-type: none"> • Recent theory - studies of the implications of the cultural and contextual identity of branding. • Few theoretical approaches, sociology, cultural studies and psychology. • Compete in myth markets • Focused on customers, however from an identity-based point of view, rather than a logical or behavioural point of view.
Key Concept	<ul style="list-style-type: none"> • Brand Equity - Can be conceptualized and measured by three different theoretical approaches. The cognitive psychology approaches of the CBBE and Aaker framework are focused on defining brand equity as the extra value that consumers associate with a branded product when confronted with an unbranded product. Can be measured and assessed in various ways - depending on the underlying theoretical assumptions, e.g. by product, consumer or financially 	<ul style="list-style-type: none"> • Identity value - Describes to what degree a given brand is perceived as important in relation to the identity of a given consumer. The degree of identity value defines the contextual strength of a brand - ranging from identity brands to full-fledged cultural icons.
Value Proposition	<ul style="list-style-type: none"> • The value reside in the physical markers, primary and secondary associations. • The brand is connected with one or more products, hence the value perceived by consumers is connected with product attributes <i>and</i> brand associations 	<ul style="list-style-type: none"> • The value of contextual branding, resides solely in the meanings, values and myths associated with the brand. • Consumers are not concerned with the attributes of a given product; they care instead for the identity value of a brand, supplying the fuel for their identity projects. • The brand is what the consumers perceive as valuable - <i>not</i> the products <i>backed</i> by brands.
Tools for brand building	<ul style="list-style-type: none"> • Product design • Physical markers and recognition • Co-branding • Brand extensions • Advertising etc. 	<ul style="list-style-type: none"> • Exploitation of cultural briefs, contradictions and trends • Myths and storytelling • Meaning-Transfer • Endorsement • Advertising etc.

Table 2, Theoretical comparison, Source: Own creation

The contents above, illustrates the perceived advantages of the two perspectives described so far. To solely rely on either – or a fixed combination of the two, would be a grave mistake; if corporate history has taught us anything – it would be the need to adapt to the ever changing conditions of competition and consumption.

Furthermore, it is evident from previous sections that the degree to which contextual branding is applicable are highly dependent of the line of business – which is referable to the same conditions surrounding brand extensions within traditional branding. This is kept in mind when analyzing empirical cases in later sections.

Many of the previous sections have been concerned with exemplifying the importance of a focus on context; ironically such a dynamic focus on context will undoubtedly demand new theories and strategies - leaving the ones connected with such a focus obsolete; to brand successfully is *creative destruction* at its best⁸.

The financial crisis of 2008 represents an interesting new context in every aspect; the theories and strategies of contextual branding have never been tested in such an extreme contextual climate.

Since mid 2008, the gaze of researchers, academics and businesses alike has been focused on the topic of financial crisis - a crisis that has been and still is an undeniable reality, regardless of whether the definition of such is in accordance with that of NBER⁹. As it has been the case throughout history, academic research has come up with different reasons for the economic development; theoretical as well as empirical. I believe, that historical studies only offer explanations – not solutions. Many would call such a perspective ludicrous and ask the obvious question: “*how do you know where you are going if you don’t know where you came from?*” The answer to this is simple; “you read the signs along the way; and if you keep looking in your rear mirror you are bound to crash at some point”.

I believe that an ongoing focus on the importance of social, behavioural and psychological aspects of consumption are often neglected or otherwise discarded with regards to the search of explanations and solutions for e.g. the financial crisis.

⁸ A term that describes the way in which new inventions and ideas leave others absolute - amongst which are the one that fuelled such new inventions.

⁹ National bureau of economic research

Economic crises have been - and will always be a potential threat; once again the current crisis has proved that a historical perspective and past solutions does not suffice; nor do they prevent future crises.

Comparing the ongoing financial crisis with the great depression, and trying to compute why instalments and safety regulations such as the Basel I and II did not suffice, provides valuable retrospective information. However, this does not prevent history from repeating itself.

6.2 Consumption is the key

Consumption has been - and always will be the driver for economical growth. Recent developments within this field are interesting in relation to the topic of branding.

It is striking how studies and research concerning the drivers behind consumption has neglected the importance of social and cultural studies (Miller 1995).

The following quotation of Russel W. Belk, describes the way in which marketers have studied consumption throughout history:

“Marketing academics studied consumers as fishermen studies fish rather than as marine biologists might. Within this micro perspective consumer needs were seen as innate rather than socially constructed or marketer influenced, and marketers sought to “hook” consumers by offering a product or service that met these needs better than competitors’ offerings. Thus, the initial consumer research within these marketer departments stressed the objective product and service benefits and did not stray far from the concept of rational economic man” (Belk 1995).

I believe that the description of the historical research of consumption above fits the description of traditional branding - see table 2. Despite being focused on the behaviour of consumers, the traditional perspective seeks to explain tendencies in the behaviour of consumers by applying psychological and behavioural theories focused on the study of the *individual* consumers, rather than realizing the importance of social relations – as contextual branding does.

Applying the previously mentioned studies of McCracken further underlines the importance of consumption, not only by the obvious link with the sales of companies – but equally its importance in defining and deciphering culture. Consumption is no longer a matter of defining and mapping the rational decisions of consumers.

It could be argued that the patterns of consumption in the western world are in line with many of the predictions by Gilmore (1999) of the so-called "experience economy" - assuming that the level of service has peaked, and that the product of the future is the consumer him/herself; in the sense that we will see a greater personal and emotional involvement.

This in my opinion is evident in the current western society. Alternative futuristic views such as "The Dream Society" (Jensen 1999) and "The Entertainment Economy" (Wolf 1999) both illustrate the same tendencies - underlining important developments; some of which were predicted decades earlier - as seen by Levy's assumptions of a noneconomic symbolic consumer (Levy 1959). Consumption; or the value that consuming certain products emanate, has in some cases become the product or reason for consumption in itself (McCracken 2005). Given the close link between consumption and branding – it is only natural that theories and research concerning such, illustrate the same development; represented by the shift from traditional branding towards contextual branding. The table below clearly illustrates how the developments within the studies of consumption are directly transferable to those of branding.

Old Perspective	New Perspective
Positivist <ul style="list-style-type: none"> • Experiments/surveys • Quantitative • A prior theory • Economical/Psychological • Micro/Managerial • Focus on buying • Emphasis on cognition • American 	Non positivist <ul style="list-style-type: none"> • Ethnographies • Qualitative • Emergent theory • Sociological/Anthropological • Macro/Cultural • Focus on consuming • Emphasis on emotion • Multicultural

Table 3, Old and new perspective of research within consumption, source: Russel W. Belk 1995

If compared with table 2 it is evident that many points are directly transferable between the two. However, I find it *even* more interesting that both contextual branding, as well as the new perspective of consumption research, should be considered as natural evolutions of prior theories, rather than replacements or opposing theories. I believe that one of the most dominant factors advocating such developments is the fragmentation of culture and the

importance of symbol over substance supported by researchers such as Harvey (1989), Connor (1989), Miller (1995) and Campbell (1995).

Having established the important relation between new theories of consumption and contextual branding, it is interesting and necessary to examine why - and if a focus on these factors should prove advantageous during a financial crisis.

6.3 The importance of needs and identity

The notion that a strong brand should prove advantageous during crises was - as seen in section 4.1, one of the proclaimed advantages of brand equity. This is a very general assessment - one that I beg to differ.

Upon studying the subject of branding and the major impact it has on the behaviour of consumers, I believe that a general consensus of “traditional branding” is that; it is the *strength* and exposure of a brand that matters - not to the same extend the symbolism and the stories upon which the brand is built. Combining these traditional views with the trends of consumption and the study of such in previous decades, I do not doubt that brands such as McDonalds and GM *have* thrived; but as drastic changes in the context occur- in this case the financial crisis, these industrial giants struggle.

Researchers and academics agree that branding during a financial crisis such as this is a golden opportunity to capture market shares and capitalize on the mistakes of others (Cloonan 2009; Exxon 2009; Hodge 2009). Analyzing why the brands of certain companies have suffered recently further reveals the strength and relevance of contextual branding. The recent history of GM is a shining example of such. Failing to grasp the cultural tendencies of a "greener" and more environmental focus, GM handed its critics and competitors a golden opportunity to compose and take advantage of a cultural contradiction - with GM as the "bad guy" – figure 10 below is an example of such.



Figure 10, Original H2 commercial and critically sketched parody, source: www.Treehuggers.com

I believe that the reason as to why consumers respond harshly to marketing and branding plunders such as that of GM is to be found in the link between consumption and identity. As mentioned in previous sections, contextual branding entails that modern consumers use the values and myths embedded within a brand in the creation of their desired identity; whereas traditional branding was concerned with the material benefits of products. As soon as the financial crisis hit, it instantly became less desirable to be perceived as a "big spender" or a "luxury addict" (Washington & Miller 2010).

Consumers being able to change their desired identity through consumption further add to the tempo by which the context surrounding companies change - making it harder for traditional brands based on physical markers and a "steady state" history to adapt. Major cultural disruptions like the current financial crisis impose a vast amount of cultural contradictions on which an adaptive brand could latch itself and create desired myths.

Every single aspect of contextual branding covered by this thesis so far underlines the importance of identity in branding. The exact reasons as to why the link between branding and identity in times of crisis is so important, has in my opinion never been examined. Empirical or academic studies of prior crises offer little or no help, given the fact that patterns of consumptions and contextual factors change immensely over time. To understand *why*, and to retrieve valuable information for future recommendations, I believe that the focus must be turned towards the basic needs and anxieties of consumers.

Throughout time, countless theories have sought to define the needs of consumers; one of those often used, is the hierarchy of needs - originally defined by Abraham Maslow in 1943.

Assuming the importance of context, the exact hierarchy of needs within this model must have been highly influenced by the context of 1943. The thought of war and fear of self-

preservation must have been a prominent factor in the minds of most people at the time; resulting in the original hierarchy as perceived by Maslow as seen in fig. 11

I believe that the different basic needs have been preserved, but that the *order* in which they are represented in the hierarchy have changed tremendously. If looked at "upside down", the hierarchy of needs shows an interesting - and to some extend exact development, see fig. 11 below.

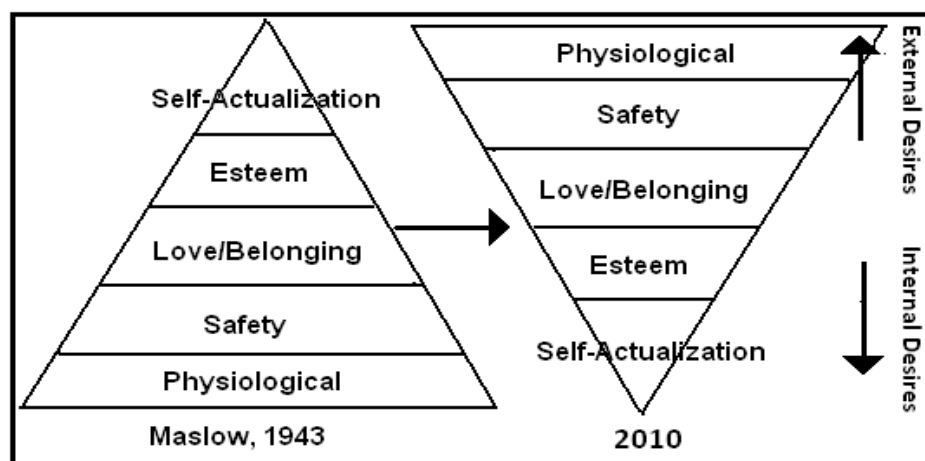


Fig. 11 Original and reverse Hierarchy of Needs, Source: Original Hierachy from Maslow (1943), reverse hierarchy by own inspiration

Originally, the most basic needs that were to be fulfilled were those of physiological well-being and safety. The generation of consumers in the western world today has never experienced famine or any threat upon their psychical being (Barney 2004). They have however seen and experienced economic growth and an increased focus on external appearance. Prior roles of gender, class and personal limits seem to have been broken down by a world in which people can become whoever they desire - or rather whoever the society desire (McCracken 2005; Holt 2004; Miller 2005). To further illustrate the intended point of this section, I have chosen to divide the "new" hierarchy into external and internal desires. Furthermore, Diener (2009) describes how the needs of people in financially poorer and collectivistic cultures are centred on financial and physical safety, whereas those of rich and individualistic cultures such as those in the western world are focused on self-esteem and self-actualization (McCracken 2005; Diener 2009) - as shown in the reverse hierarchy.

An important aspect that has influenced the developments in consumption and the needs of consumers is the importance and emergence of social networks. This trend is seen everywhere, and are by some described as the network society (Barney 2004; Kelly 2009; Boches 2009). Section 5.4.4 described how the complicated social structure of populist worlds and brand communities plays important roles in the theoretical framework of

contextual branding. It is clear that applied strategies of branding must grasp such important social developments; traditional branding, despite emphasizing the fact that social relations is important, does not provide instructions nor insights as to how the construction or design of social networks surrounding the brand influence the choice of strategies; contextual branding does.

6.4 The financial crisis - a contextual amplifier

As the reader might have noticed, the description and evaluation of the old and new theoretical imperative of branding in the sections above, is to a great extent focused on basic developments in context rather than assessments derived directly from developments due to the financial crisis. There are several reasons for this.

Context and cultural briefs are results of cultural disruptions. Although the present context may be defined by a financial crisis, the context of tomorrow remains uncertain - things will change. Based on previous sections and the described tendencies and developments within consumption, needs and the society in general - it is evident that a focus on contextual rather than traditional branding would prove advantageous under most modern contexts.

The theories of contextual branding advocate a dynamic focus, whilst the *tools* of contextual branding might be focused on stationary cultural briefs. How the tools and specific myths should be applied during a financial crisis, are addressed in later sections using relevant cases; hence, the purpose here is to show that a financial crisis is no different from any other cultural disruption, and that the contextual branding framework is by far the best suited for handling such.

Based on the sections so far, it can therefore be assumed that the context of a financial crisis should be treated theoretically no different than any other context. However, I believe that the trends of the current crisis act as a “contextual amplifier”, in the sense, that the difference between cultural contradictions and populist worlds has become more sharply drawn.

An example of this is the instant rebellion against excessively paid executives, greedy bankers and financial speculators when the crisis hit - these were instantly recognized by many as being the root of all evil. This definition of good and bad suddenly became clear after years in which the general public blindly accepted such out of happy ignorance.

Following the general resentment of corporate giants and their executives, came a general wish for sustainability, not only financially but also environmental - an example of which is the recent global uproar against BP and the astounding amount of cases of “greenwashing”. The contextual developments might have occurred with the lack of a financial crisis; but I believe that the developments within consumption, needs and social behaviour described in the sections above, offers plausible explanation as to why cultural reactions have been so severe; in the face of external uncertainty, consumers and society alike seek internal stability. This might seem like a bold statement, but I believe that the theoretical evidence presented so far, offers plausible and sufficient evidence.

Combining the theoretical key points covered by this thesis with the developments described in these sections, it becomes evident that the theoretical foundation by which empirical cases are analyzed in the following sections, are based mainly on elements of contextual branding. However, seeing as previous sections illustrated that the contents of this theoretical perspective is built upon concepts from the traditional branding framework and other theories; the presence of others perspectives is evident in these sections; the static conceptions of traditional corporate branding, are mixed with the dynamic, iconic and cultural aspects of contextual branding *and* theories of consumption & context.

The following sections seek to analyze and describe how the brand of the British company Virgin, by applying the techniques and principles of contextual branding *have* and *will* perform, based on historical cases and the construction of future recommendations based on the current contextual environment.

PART 4

7. The Case of Virgin and British Airlines

The historical analysis and description of Virgin has been constructed with a contextual focus rather than that of a traditional corporate history description. Furthermore, I seek to illustrate how past strategies - clearly transferable to core elements of branding has had a significant role in the ongoing commercial "battle" between Virgin Atlantic and British Airlines.

On the basis of these empirical analyses and the theoretical discussions in past sections, the latter sections of this thesis will look at the current context, and seek to produce general

theoretical conclusions and specific recommendations as to how Virgin could grasp and exploit emerging contextual trends.

7.1 Virgin and the cultural context from 1970 to 1990

It has been more than 40 years since Richard Branson founded what was later to become the business empire of Virgin - a conglomerate with more than 200 registered companies (Datamonitor 2009), whose financial results and management disposition have been the subject of much debate and speculation. Despite such speculation and the ongoing discussion concerning the radical styles by which Richard Branson leads this company; it is an undeniable fact that Virgin remains one of the strongest and most trendsetting European brands.

The purpose of these sections is not to describe or discuss internal organizational aspects of Virgin - but instead to illustrate how contextual changes and cultural trends have made the emergence of such a brand possible; a brand that since the 1970'ies has been under constant pressure and growth, two aspects that still dominate the brand in 2010.

7.1.1 Love, Peace & Harmony and Richard Branson

Virgin was founded by Richard Branson in 1968 (Virgin History), and as later sections will illustrate - their stories are inseparable. Branson was a 17 year old high school dropout from the local Stowe Private School when he decided to start the magazine *Student* (Grant 2008). This quickly became a success, as it aligned with the expressionistic values associated with the many minority groups in the late 1960'ies.

Examining the context at the time reveals sharp developments in the cultural context around 1965 - which are referable to the term of cultural disruptions; one of which came in the form of a rather drastic increase in wealth in the western world triggered by growth throughout the 1950'ies and 1960'ies (McGraw 1997). This resulted in an increase in the rate of education and political interest. This newfound knowledge, and the freedom to express it, resulted in the occurrence of a great number of "grassroots groups"; through these groups, the youth had found a way to express themselves. They shared a common agenda defined by rebellion, a general critique of institutions of authority, the Vietnam War and capitalism.

The rest of Britain was at the time under the influence of strong conservative values, which in return was challenged by such an increasing rebellious youth (Grant 2008). It was within this exact context that entrepreneurs like Richard Branson found a market opportunity. Having

studied the contextual settings through the lens of contextual branding; it becomes evident why.

Firstly, the context at the time was defined by at least two major cultural disruptions, the first being the sudden increase in wealth and the second being the occurrence of War. The effects that the latter of the two had on the contextual environment and the mindset of consumers was severe which evidently resulted in the existence of drastic cultural contradictions - one important ingredient for successful contextual branding and the creation of myths.

Secondly, the cultural disruptions and the related cultural contradictions resulted in the existence of two major populist worlds in Britain. On one hand was the established wealthy Britain that had experienced, survived and risen from the Second World War - defined by conservative values and traditions. On the other hand was the youth, which had been born *after* the Second World War in safe surroundings. These shared a love for freedom and harmony but a severe dislike of authority and capitalistic values (McGraw 1997). The contextual framework at the time is illustrated below by the use of theoretical terms of contextual branding.

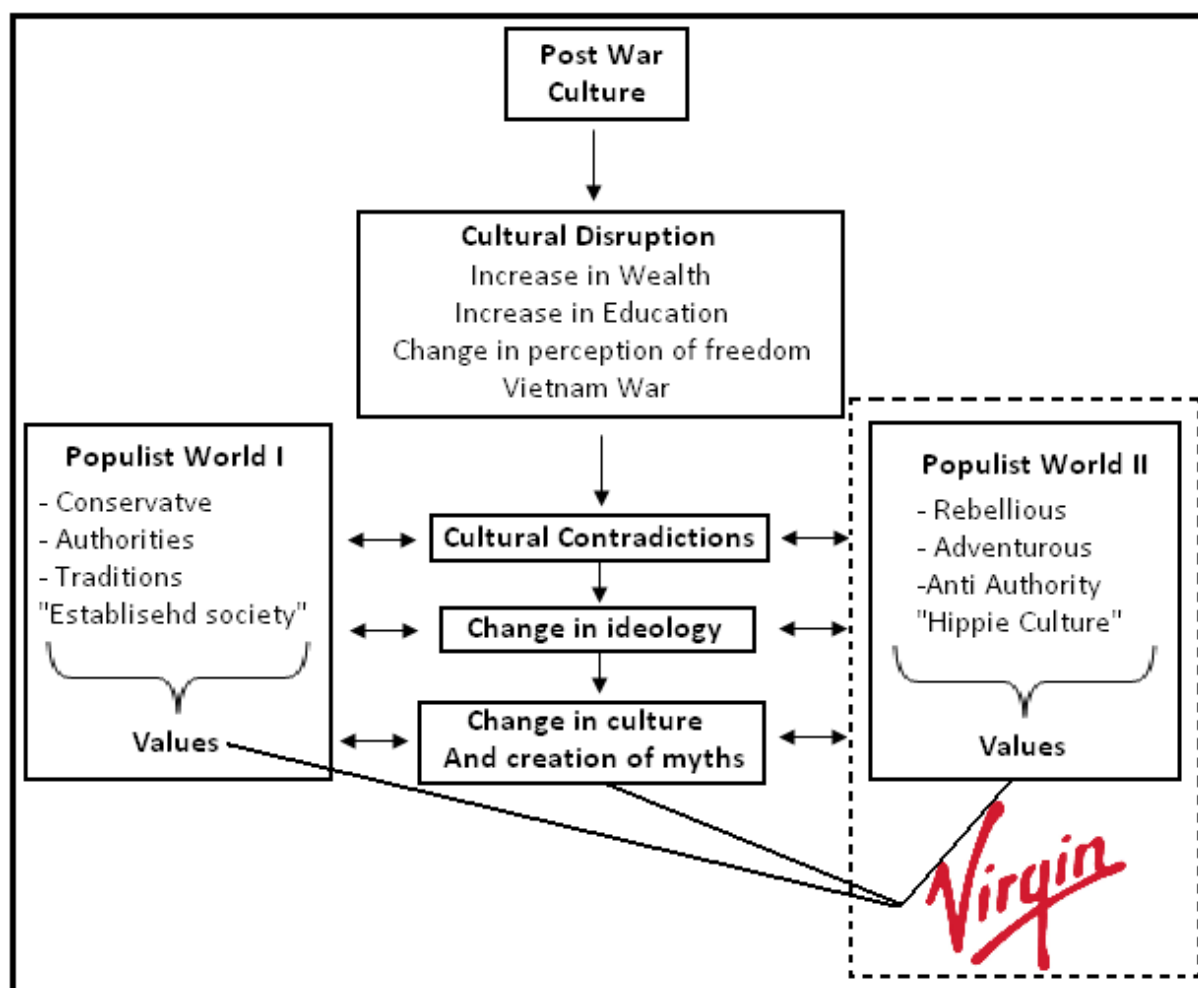


Fig 12 The cultural developments at the time of the creation of Virgin seen through a contextual branding perspective, source: own creation.

In an interview on BBC News (2006), Branson explains that he through "anti-Vietnam War" groups realized the urgent need for a magazine, by which the youth could express their opinions. The magazine related to the disrespectful and anti authorial youth, and included articles revolving around subjects such as sex, rock music and interviews with terrorists (Grant 2008).

It is obvious, that Branson quickly grasped that the mentality of the British youth was changing, and that this was a determining factor in the choice to start his first business.

This composition meant that the content and meanings displayed in this magazine was a determining factor in the creation of the desired identity of many youths. When applying theoretical elements of brand communities and the structure of populist worlds, it becomes evident why "Student" achieved a unique position and loyal readers. Given Branson's untraditional background and his influence on the contents of the magazine, he was seen as an authentic part of the general youth movement at the time - which due to elements of

endorsement resulted in the general accept of "Student". Furthermore, the magazine was a perfect way for the feeders and followers to tap into the general populist world. In return, the core of the populist world – the insiders basked in the attention that they got from the feeders and followers through the magazine.

Abandoning the case of student, the next entrepreneurial adventure of Richard Branson was Virgin Records, a record company. This once again enabled Branson to express specific values and meaning through his choice of artists and what to publish. Given the fact that the record business and the magazine business are closely related, Branson was able to extend the brand across industries, providing Virgin Records with the brand extensions of *Student* and the powerful and authentic endorsement of Richard Branson.

Following the opening of the first Virgin records location in 1971 in Oxford Street, London; came a record studio in 1972 and a Sex Pistols album in 1977 (Virgin History). It is evident that Virgin Records followed the example of *Student* and tapped into the same contextual framework as illustrated in fig. 12.

After the success of his first entrepreneurial adventures, Richard Branson was eventually seen as a prominent figure - a new type of entrepreneur, which opposed to his capitalistic counterparts, was able to build a lucrative business on a market ironically based on a populist world defined by rebellion and anti-capitalism.

These early developments founded the commercial giant later known as Virgin, and it was from the start clear, that Richard Branson was the common denominator– a “contextual decoder”.

7.1.2 IPO's, LBO's & MBO's and Robin Hood

As it was the case throughout the 1970'ies, Richard Branson successfully applied a contextual role in the 1980'ies - this time in the role as the "*underdog*"; proclaiming to fight for superior "value for the money" and a good service (Altman 2009). Previously he and Virgin had been contextually positioned as parts of a minority; however, being a part of a rebellious youth would no longer suffice if the iconic status amongst an increasing amount of fragmented groups of consumers was to be preserved.

The increase in the related groups of consumers surrounding Virgin was a direct result of an increasing number of Virgin companies - and the diverse activities of these. Realizing this;

Branson was able to use his previous authenticity as a rebel to change the contextual role of Virgin and his perceived identity as the “underdog” and “Robin Hood of capitalism”.

Throughout the 1970'ies and 80'ies the industrial occupation in Britain experienced a sharp decline due to the ever increasing competition from Asia and the rest of the industrialized world (McGraw 1997). In 1979 this resulted in the election of Prime Minister Margaret Thatcher, whose conservative values and economic perception was in line with economists like Adam Smith (McGraw 1997; Adamsmith.org). The election of this new prime minister was followed by an instant increase in the number of financial institutions and a capitalistic mindset - which at the time was dominating most western economies.

It was within this context that Virgin and Branson took a central role in the centre of a prominent cultural contradiction as the social capitalist, or as put by Grant 2008 - *the friendly face of capitalism*.

The most trendsetting move by Richard Branson during this time was to launch Virgin Atlantic in 1984 with the sole purpose of challenging the giant British Airways (Virgin History); a move that was in perfect unison with the assumed role of *underdog*. The specific case of Virgin Atlantic and British Airways is analyzed in later sections. Virgin Atlantic became a financial success, and is despite scarce published financial data still considered as the financial flagship of the Virgin Corporation (Grant 2008).

In the description of Virgin and Branson throughout the 1970'ies, the focus was on illustrating how the contextual positioning by The Virgin brand and Branson fit flawlessly with the contextual framework capturing a cultural contradiction, tapping into populist worlds and thereby creating the myths that founded Virgin brand. The same could be said for the developments in the 1980'ies. However, this section seeks to illustrate how the contextual strategies applied by Branson in the 1980'ies are directly transferable to another important aspect of contextual branding – the aspect of storytelling.

Bearing in mind that storytelling and the creation of myths are important elements by which companies and icons can be contextually branded, it is evident that the case of Virgin is a prime example of such instruments at work.

Assuming the storytelling perspective as proposed by Fog (2002), it is possible to analyze the case of Virgin in the 1980'ies with respect to defining the roles of the different contextual participants.

Figure 16 and the following bulletins illustrate the original composition of roles in the classic storytelling model as well as how the case of Virgin during the 1980'ies could be interpreted within this paradigm.



Figure 13, Storytelling model by Fog et. al. applied to the case of Virgin, Source: Fog ,Budtz & Yakaboylu 2002 - applied to virgin by own creation

- The overall *goal* of Virgin was to be seen as a vanguard of fair competition - protecting the consumers from industrial giants and bad service.
- The *evil opponent* in the contextual framework at the time was undoubtedly British Airways with whom Virgin fought a commercial battle at the time.
- Richard Branson is defined as the *hero* and *provider*, whereas Virgin is defined as the helper.

This distribution of roles is however highly dependent on the perspective by which the context and the brand of Virgin is perceived. The choice of placing Richard Branson in the centre is solely based on the fact that since the origin of Virgin, Richard Branson and the company Virgin had been inseparable; which raises the question of to who the brand is attached the most? - A question addressed in later sections. The exact distribution of roles between Branson and Virgin is in this case irrelevant; in fact, such confusion of brand origin only further underlines the extend by which Branson and Virgin was successful in transferring meanings and the endorsement process.

The contextual history of Virgin presented so far, clearly illustrates that they quickly realized that the identity of a brand is as important as the attributes of the product itself. However, the degree to which the identity of Virgin changed during these two decades aligns with the dynamic conception of contextual branding rather than the static perception of identity applied in the traditional framework.

Besides the clearly transferable aspect of storytelling, Virgin and Branson evidently tapped into and exploited the British national ideology and its associated myths.

Elements of the classic fight between David and Goliath are evident in many traditional British myths e.g. Robin Hood and the story of King Arthur. However, as time progressed towards the late 1980'ies and mid 1990'ies, the Virgin Empire expanded rapidly - partly due to the trend of privatization of public services in Britain (Grant 2008). Thus, this inevitably also increased the amount of the different lines of businesses in which Virgin was involved. This forced the brand of Virgin and Branson had to reevaluate what myths and stories they were to be associated with in order to successfully extend the brand and stay authentic given the contextual surroundings.

7.1.3 Defragmentation and slackers

As mentioned in previous sections, the context and cultural settings in Britain were influenced by strong conservative ideals and capitalistic values during the 1980'ies. But in 1997 the conservative leader of John Major lost the election by one of the biggest defeats in the history of Britain; and the New Labour party led by Tony Blair rose to power (The Economist 1997).

The change in the political climate illustrated a general cultural change in Britain during the 1990'ies, Branson and Virgin could no longer thrive on fighting the values of a dominant ideology, as this would be seen as contradictive and at worst - leave the brand unauthentic.

They had to come up with a way to communicate with new markets *without* abandoning the values by which they were perceived as guardians during the 1970'ies and 1980'ies

In the aftermath of the strong capitalistic focus of the 1980'ies, people in Britain began to realize that the glamorous life they had imagined was not as attainable as first assumed. The globalization had the effect that the employed people of Britain began to feel a pressure on their job and the size of their paychecks - which in return spurred the general conception that *work is a joke* (Holt 2004; McGraw 1997). Branson and Virgin were quick to grasp the

potential of this cultural disruption and the associated cultural contradictions; once again Branson was able to use his prior roles and authenticity.

Whereas the two sections above illustrate the clever use of cultural institutions (populist worlds etc.) and storytelling, this section is focused on analyzing important aspects of the endorsement process in the case of Virgin.

May 2. 1999, Richard Branson appeared as a special guest-star in The Simpsons (the TV show) - in which he plays a rich businessman who gives one dollar to each customer; during the episode he teaches Homer that: *"to be loved, you have to be nice to people, every day, but to be hated, you don't have to do squat"* (The Simpsons Archive 2010). If anything, The Simpsons is a perfect portrait of the "slacker" values - a life in which the importance of job and financial security is dwarfed by the importance of enjoying the adventures of life. Branson's appearance in The Simpsons is a perfect example of how Branson accumulate and gather desirable meanings during this period. He frequently participated in different extreme sports and stunts - which due to the careless nature constituted the second adventurous part of the so-called "slacker myth".

By this time, Virgin and Branson are inseparable in eyes of the consumers, resulting in the instant transfer of meanings from Branson to Virgin. Analyzing this process from the theoretical viewpoints of meaning transfer illustrated in earlier sections, the following paradigm can be drawn.

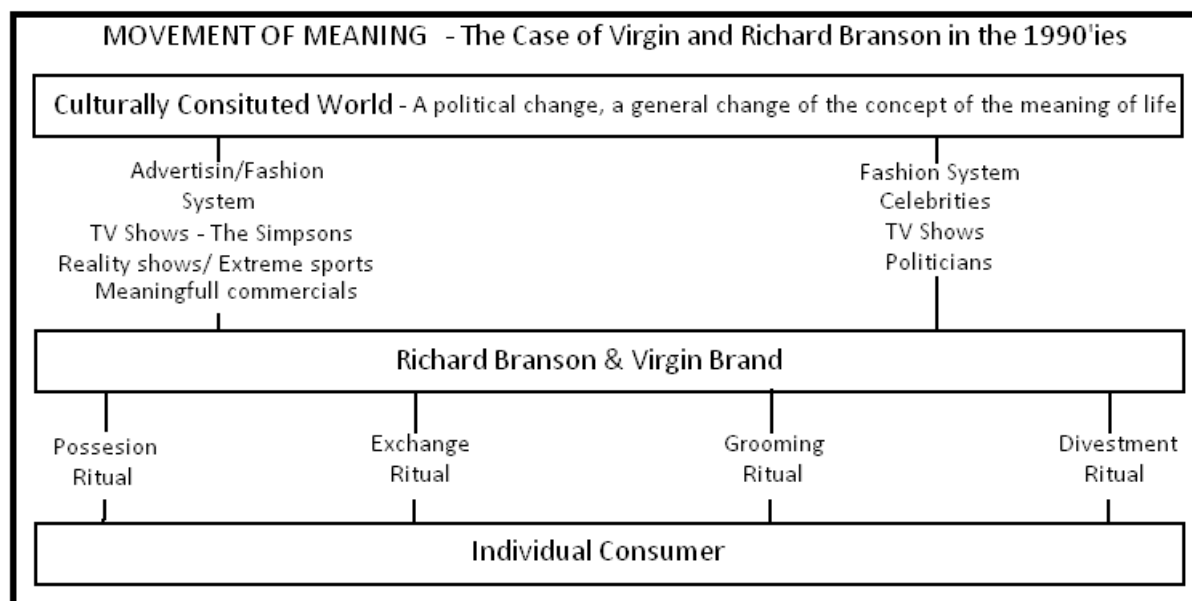


Figure 14, The transfer of meanings in the case of Virgin during 1990'ies, source: Own creation using the framework of McCracken 2005

The presentation above is obviously based on a top down perspective as proposed by McCracken, but as in the other analyses above - other analytical perspectives can be assumed. Whether the *source credibility* or the *source attractiveness* model is applied, it is evident that the background of Branson and the previous myths and stories associated with Virgin provide a solid foundation for credibility and authenticity.

During this period Virgin was not the only company focusing on the so-called *slacker myth*; other companies such as Mountain Dew & Budweiser were equally aiming at representing and symbolizing this certain segment. This is further testament to the fact that companies compete on myth markets rather than on their actual products. In appendix 2a Virgin commercial from 1997 is summarized and illustrated as well as the "Simpsons" version of Richard Branson.

What separates the case of Virgin from other interesting companies is that Branson once again became the rally point and the all-determining icon on which the Virgin brand was built - as he had been during previous decades.

7.1.4 Summarizing the contextual history of Virgin

It is evident that the Brand of Virgin since its origin has been under constant development with respect to contextual and cultural changes. The case of Virgin illustrates most if not all the key theoretical points from traditional branding as well as contextual branding.

The brand has had one unique denominator - Richard Branson. It is remarkable how the personality of Branson has been the main element of success across 3 decades, 3 different cultural myths and an astounding amount of different lines of businesses.

At first this intense relationship might seem like a very successful example of celebrity endorsement, in which the perfect fit is a mere result of a good combination of source attractiveness and source credibility. However, to accredit the unnatural relationship to simple endorsement would in my opinion be a mistake.

The effect of Branson is not just visible from an external point of view; his influence is seen everywhere *within* the Virgin organization, everywhere from the organizational structure, management philosophy and financial strategy.

It is also evident from the previous sections that the branding strategies of Virgin and Branson have been successful; but analyzing historical events by use of theoretical hindsight does not provide much evidence as to whether or not the brand of Virgin by applying techniques of contextual branding have performed *significantly* better than other companies. In order to analyse if this is indeed the case, the following sections will analyze the empirical case of the commercial war between Virgin Atlantic and British Airways - two companies within the same line of business but with radically different approaches as to how such should be conducted. These will, combined with the contents of previous theoretical sections compose the theoretical and empirical background for assessment of current and future branding strategies.

8. Virgin and British Airways

This section aims to illustrate how principles of cultural and contextual branding applied by Virgin and Richard Branson was evident in one of the most famous commercial disputes of Britain - the case of Virgin Atlantic vs. British Airways. The following sections seek to describe this feud as objectively as possible; and the later illustrates how Virgin used the contents and outcome of this feud actively in its commercial campaigns during the 1990'ies.

The story of the Virgin and BA feud has all the contents of a well written drama, from allegations of the use of private investigators lurking in trash bins, to so called “passenger poaching” in airport terminals. The affair started in 1992 by allegations made by Richard Branson, that British Airways was using dirty tricks and trying to run Virgin Atlantic out of business (Gregory 2000). Given the degree of public attention that Branson basked in at the time, the case soon became public. Branson's allegations were based on the notion that the corporate giant BA - the biggest British transatlantic airline at the time, were trying to squeeze the small rebellious airline Virgin Atlantic; a story that conveniently matched the myths of virgin described in sections 7.1.1 – 7.1.3. However, allegations by BA against Virgin were also made. The lawsuits ended with the ruling, that Lord King (CEO of BA) and BA were due to pay Virgin Atlantic 610.000 £ in damages done and the sum of 4.500.000 £ in libel costs - the biggest corporate settlement in Britain at the time (Gregory 2000).

8.1 The King is slain

The analysis of the branding strategies of Virgin Atlantic and BA has its historical offset in 1992. BA had thrived during the years of the capitalistic Thatcher government, and was by far Britain's largest airline with 241 aircrafts serving 165 different routes. By comparison, Virgin was insignificant with just 13 aircrafts and 7 routes (.ipa.co.uk 2010)

Hence, the overall competitive framework surrounding Virgin and BA fit flawlessly with the myth and image of Virgin as King David trying to defeat the giant Goliath. If a glance is cast at the difference in size between the marketing budgets of the two, this becomes even more

apparent. Figure 15 illustrate the budgets of media expenditure of the two companies. On average BA spend 4 times as much as Virgin during the 15 year period. Applying traditional branding techniques, such a massive public exposure should lead to an increase of brand awareness and thereby the brand equity; but the

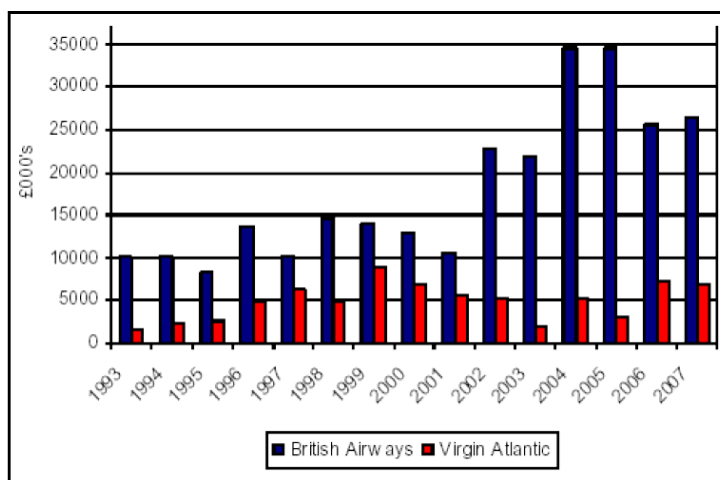


Fig 15 -- The media budget of Virgin and BA, Source: MMS 2008

developments in the strength of the two brands during this time tell a different story.

The BAV approach has been used to construct the results in fig. 16; that clearly shows how the brand of Virgin has surpassed that of BA in all 6 chosen variables. Furthermore, the progress of the Virgin brand is most significant in the categories of "up to date" and "fun" - which are two of the values of Branson and Virgin described in earlier sections.

Where many seek to explain these developments by the clever use of advertising I apply the scope of contextual branding.

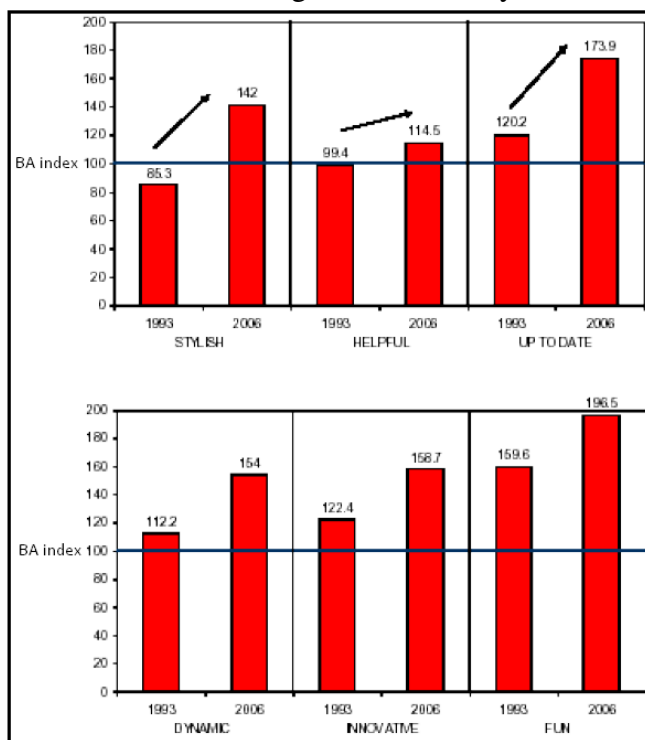


Fig 16 - Developments in BAV of Virgin against BA index, Source: MMS 2008, BAV 2008

The most precious asset in the marketing of BA was its enormous budget; that of Virgin Atlantic was the personality of its founder Richard Branson. The commercial strategy of BA, was during this period based on traditional campaigns; whereas that of Virgin was based on the iconic status of Branson - who enjoyed such a degree of publicity that the story of him crashing his powerboat short of its destination across the Atlantic Ocean in 1995 stole the front page.

Analyses of the overall commercial strategy of Virgin Atlantic in the early years, could advantageously be assessed with two perspectives; a creative perspective and a media perspective.

If the creative perspective is analysed, it becomes evident that Virgin Atlantic realized from the start, that the great variety of messages that needed to be communicated to an even wider base of customers and regions of a air transport company required that the creative focus was on applying a overall attitude – or a general tone rather than a number of single creative ideas. This creative strategy was hereafter reflected in the media strategy of Virgin Atlantic. Besides the exuberant *and* public personality of Branson who continuously promoted Virgin through his private and public escapades, Virgin Atlantic sought to underline and strengthen the values and meanings of Branson in their commercials and advertising. Alternative casts for

ads were chosen – amongst who were: Helen Mirren, Terence Stamp, Iggy Pop, Miss Piggy, Alice Cooper and the Wright brothers. By choosing to incorporate such unconventional creative ideas in their media approach, Virgin Atlantic was set apart from the rest of the air transport industry - actively using and enforcing the cultural contradictions and the different populist worlds at the time, and aiding the myth of Virgin by paying ode to the original values of Richard Branson and Virgin. More Virgin commercials are placed in appendix 3.

8.1.1 Stealing and positioning the brand of BA

At first glance, the case of Virgin and British Airways might seem like a classic case of a commercial battle in which the marketing activities of either part proved better than that of the other. But if the battle is analyzed by the theoretical paradigm presented in this thesis - another conclusion can be drawn. The following will illustrate how Virgin was able to "steal" significant value from the brand of BA, by actively positioning BA in the authentic myths of Virgin.

The following analysis and the theoretical proceedings are described is illustrated in appendix 4, and should be reviewed whilst reading these sections. I believe that the contextual framework surrounding the airline business can be aggregated into two general populist worlds.

The first is defined as being represented by people that primarily travel by plane for pleasure, vacation or adventure. The values of this were at the time in line with the values connected with the slacker myth of Virgin see section 7.1.3. The TV commercial in appendix 2 clearly shows that the intended audience could be found within this segment/populist world.

The second populist world was represented by people travelling for business reasons, and the values that were imbedded within this populist world was - as seen in the framework in appendix 4 connected with luxury, formality, "propper" and capitalistic. The ad by British Airways in appendix 5 clearly illustrates this perspective.

It is evident that Virgin and BA were aligned with two very different populist worlds, that to some extent were perceived as contradictory. Furthermore, the two populist worlds equally portrayed many of the values of the two major national identities at the time.

Despite the contradictory nature of the two companies and the populist worlds in which they were seen as authentic - a substantial degree of affiliation due to industry competition was evident.

Following the associated values of the populist worlds and of the brands; two distinctive myths can be defined. That of Virgin was the "*slacker myth*" described in section 7.1.3; and that of BA was what I have chosen to define as: "*The professional myth*". The cultural contradiction that these two myths impose is apparent.

It is evident that Virgin and BA competed on both product - and myth market; a scenario that BA seemed to be winning until the time of the "*Dirty tricks affair*" (Gregory 2000)

The contradictory myths and cultural categories resulted in a "war" of brands in 1992 with the "*dirty tricks affair*". The amount of attention that this received from the media and the general cultural institutions caused it to be blown into proportions resembling those of a small cultural disruption. As theories of contextual branding prescribe, such cultural disruptions should be taken advantage of – which was exactly what Branson and Virgin did. First, they pursued legal action; thereby fighting BA in an arena that the consumers within populist world II could identify with; hence when Virgins claims were acknowledged these were perceived as authentic by the constituencies within populist world II. Furthermore, as the actions by BA was in sharp contrast to the values of this populist world BA's degree of authenticity and attractiveness was decreased as a result.

If summarized, it is evident that the dirty trick affair strengthened Virgins brand position within the "slacker myth" *as well* as within "the professional myth"; grasping this, Virgin instantly used the incident in their marketing programme – see appendix 2b, 2c and 3.

Previous sections described how companies by the use of co-branding and brand extensions can transfer brand value/equity from one brand to another; such co-branding usually comes in the form of collaboration. However, I believe that the case of Virgin vs. BA is a prime example of involuntary co-branding (if seen from the perspective of BA). Virgin used the deteriorating values of the brand of BA to strengthen the brand of Virgin.

The fact that Virgin was winning immensely on the myth market, resulted in the fact that the brand of Virgin was involved in two previously contradictory myths. In order to gain and preserve authenticity in both of these, they imposed a slight shift in their branding strategy as well as their product strategy. More emphasis was put on luxury and elements of business – see appendix 2 c. One example of such is that when BA announced the introduction of beds in

business class, Virgin announced the introduction of double beds (BBC 1999), the introduction of onboard massage and chauffeurs to and from airports, see appendix 2 b and 3.

The developments in *and* after the “*dirty tricks affair*” all enabled Virgin to actively take over the positioning of BA in the different myths and place them in the role as the bad guy – see section 7.1.2. Whilst BA might have been using dirty tricks in their business techniques; Virgin used “dirty” tricks in “brandjacking” the brand of BA - by the use of elements from traditional branding as well as clever use of context, culture, elements of contextual branding and meaning transfer.

9. Conclusions from theory and case material

Sections 6.1-6.4 analyzed the two main theoretical perspectives presented in previous chapters, and it was evident that the theoretical assessment concerning the choice of an advantageous theory was not as much a matter of pure theoretical choice as it was a choice of perspective. It was equally evident that theories of contextual branding were to be perceived as a natural evolvement of branding theories - rather than an opposing theoretical perspective. The theoretical perspective assumed in analyzing the case of Virgin and the case of Virgin vs. BA was therefore based on a choice of perspective and assumptions rather than theory. Amongst which were the dynamic identity focus, the importance of the perception of identity, developments in consumption and consumer behaviour as well as major developments in the cultural and contextual framework.

To test if the perspective that from a theoretical point of view seemed advantageous indeed was, the history of the brand of Virgin was analyzed.

The brand was analyzed over 3 major eras during which traditional branding methods were popular. The brand of Virgin had indeed been successful, and it turned out that the concepts of contextual branding offered plausible and exact explanations to this success. The question of causation still remains; was this a result of Virgin and Branson being ahead of time? or was it due to coincidence and/or biased hindsight. In order to get a relative perspective on the performance of the Virgin brand, the case of Virgin vs. British Airways was analyzed.

This case illustrated how concepts of contextual branding could be traced to the degree of “textbook performance”. Virgin had in the commercial battle with BA effectively constituted myths, a dynamic identity, effective endorsement and the composition of stories and myths

involving competitors; in other words, it was evident that Virgin had realized that they were competing on a so-called myth market and composed their brand and strategy thereafter - products were requisites used to achieve the desired fit and authenticity.

As I proclaimed in previous sections, hindsight and historical descriptions offers explanatory value, not solutions. The proceeding sections will seek to provide solutions; once again assuming the example of Virgin, these will seek to describe how the brand of Virgin should be handled - given the current context. Findings will then be assessed from a general perspective given the nature of this thesis.

9.1 Virgin - Current and future brand analysis

The historical analysis of the brand of Virgin revealed how the company of Virgin and its brand has evolved immensely throughout time. Regardless, the company and the brand has been defined by *one* unique aspect across the different periods - Richard Branson.

Doubt has however been evident during the last couple of years as to whether or not Branson and Virgin has lost their "touch"; the company and brand of Virgin has on several occasions been the target of critique within a number of areas in which their position has never been questioned. Such critique has been centred on aspects such as the financial health of Virgin and Branson (Grant 2008), the previously prizewinning customer service, speculations of the use of dirty tricks (telegraph.co.uk 2010) and a general deterioration of the brand of virgin (Grant 2008; telegraph.co.uk 2007; Osborne 2007).

The recent trouble can by applying the concepts of previous sectioned be aggregated into three separate parts: The man Richard Branson, The company and The Context; each of which are briefly analyzed below with respects to the recent critique.

9.1.1 The Man

It was established numerous times in this thesis that the personality of Richard Branson evolved into iconic status fairly fast - thereby becoming the most important marketing tool of Virgin. The constant changing aspects of Branson's personality turned out to be important in achieving the needed dynamics in the myths and brand of Virgin through endorsement and meaning transfer.

Besides the obvious importance of Branson's personality, it was evident that the iconic traits he possessed had its roots in his genuine personality - hence making it sustainable throughout time. His first entrepreneurial adventure "Student" - founded 42 years ago perfectly portrayed his personality - and that fit has been a trademark until now.

As time changes so does the identity of the consumers. Furthermore, it was established how patterns and the reasoning behind consumption has changed. I believe, that it must be taken into consideration, that the generations of consumers that experienced Branson and Virgin during the three periods described within sections 7.1.1-7.1.3 are still affected in their current assessment of Branson. If these periods are taken out of account, and if only the current identity and fit of Branson and Virgin is analyzed - another picture prevails.

New generations not affected by the history of Branson and Virgin, sees an extremely wealthy man - a man approaching an "elderly" age. Furthermore, they see this man on TV enjoying himself; windsurfing with beautiful women on his back, playing about on his private island and hosting TV shows. This might as well have been the description of Hugh Hefner - a description very far from that of the original Branson.

In order to test whether this assessment is correct, I used a focused closed questionnaire aimed at uncovering the perception of Richard Branson by the younger generation. The questionnaire was sent to more than 200 college and high school students¹⁰, of which 113 answered; this is by no means a significant statistical study; but it does reveal interesting tendencies - see appendix 6 for the questionnaire and the detailed results.

The focus of the questions is on composing a rough outline of the perception of the life and personality of Branson as perceived by the targeted generation.

The results show that great confusion exist on the matter of his nationality- see question 1 and 3; something that was very clear in previous eras and myths. Furthermore, it is evident that the perceived values of Branson is as much those attributed to an elderly wealthy man as those of a rebellion. Bearing these facts in mind it is evident that the identity of Richard Branson isn't as clear as it has been in the past; but the knowledge of his affiliation with Virgin clearly is. This, in return, transfers some of the identity confusion to the brand of Virgin - given the concepts of contextual branding.

Naturally, his personality has to change over time; but if the tendencies are analyzed in the paradigm of contextual branding and branding in general; the question of whether the branding phenomena of Branson in previous eras is starting to backfire prevails - can he still achieve authenticity and provide the fuel for future myths? or is it about time for him to step back and let Virgin thrive on his icon rather than his ever evolving personality?

¹⁰ Highschool is referred to as the danish 9-10 th grade, whereas college is the danish "gymnasium"

9.1.2 The Company

It was evident how the brand of Virgin during the 1990'ies played host to not one but two different myths - that at first glance would seem contradictory. This was made possible by the clever use of meaning transfer, myth creation, co branding and clever marketing. However, recent developments pay testament to the postulate that some of the authenticity of Virgin is wearing off. The brand of Virgin has always been centred on the role as the "valiant knight" fighting for consumer rights - something that is in sharp contrast to recent allegations of price-fixing (Osborne 2007). Furthermore, Virgin conquered significant market share and brand equity from British Airways by attacking their associated myth "the professional" on its values and products defined by service and luxury - two areas in which Virgin has received significant critique in recent years; most of which stems from unsatisfied customers expressing their disappointment through social networks and blogs¹¹. The deteriorating fit between myth, brand and reality will inevitably take its toll on the identity value of the Virgin brand and deflate its contextual positioning.

A second important aspect adding to the discussion of the current status of the brand, is the missing obvious cultural contradiction and counter myth. The analysis revealed that since the time of its origin, Virgin has always exploited the existence of opposing populist worlds and cultural contradictions - at times targeting a single company such as British Airways. In all cases Virgin assumed the role as the hero - see fig. 13. Now the rebellion that used to rake on the institutions have become an institution itself; an example of such is the "attack" on the TV network "sky" by Virgin Media, in which Virgin had no superior value proposition or myth to back up their competitive actions (Osborne 2007; Olins 2007). Actions such as these will decrease their authenticity towards the constituencies revolving around their previous myths.

Thirdly, Virgin has always been known as a British company - which was one the cornerstones in previous myths and the associated roles such as Robin Hood and King Arthur. However, as it was the case with Branson, recent developments illustrate how the national identity image of Virgin is unbalanced. The most significant example of such it the prestigious launch of Virgin America - which by the simple use of the word "America" instantly spurs associations linking to the American national ideology - something not entirely desirable for Virgin - given their rebellious history, associated myths and current context.

¹¹Example of such: <http://dabble.com/virgin-atlantic-sucks-the-sad-decline-of-a-good-brand-348>

A fourth factor, is the question of whether the tremendous amount of diversification within the lines of businesses they are involved in is causing a loss of focus and/or deterioration of the brand; looking at the different Virgin businesses it becomes obvious why. It is clear that virtually no one has achieved such an extreme stretch of brand extensions as Virgin; but previously the myths provided an authentic link and a commonality between these extensions - something that to some extent seem to be lacking in the current state of the Virgin brand. The loss of focus in the myths associated with Branson and Virgin has been further enforced by apparent distortions in the brand portfolio; a clear example of such is the failure of Virgin Finance - a line of business in which the values and myths of Branson and Virgin offers poor fit and authenticity.

It is clear, that the focus in the sections above is on the negative factors in the recent developments of the brand; and it is these that will provide the foundation for improvement and recommendations in chapter 11. It is clear that there are interesting developments in factors surrounding both Branson and Virgin - but true to the theoretical scope of this thesis, the influence of the context must be considered.

9.1.3 The context

The contextual developments described in this section is amongst those used in chapter 11; however, the focus here is on what tendencies have or may have affected the brand of Virgin in combination with the above described factors of the man and the company.

In previous sections I described how I think tendencies of the ongoing financial crisis can be perceived as a contextual amplifier in the sense that the anxieties and fears of consumers become apparent in times of crisis - resulting in sharper responses to disruptions and an increased focus on self-perception and cleansing of identities. This in return, creates massive cultural contradictions that iconic companies such as Virgin are expected to fulfill - when they fail to do so they are perceived as unauthentic. Hence the dynamic focus and control of the associated myths is very important in the current context; something that Virgin - given the sections above has neglected to some extent.

Given the current state and recent developments of the brand of Virgin, the following section will seek to apply the theoretical and contextual tools presented throughout this thesis in an attempt to illustrate how the brand strategy of Virgin should be conceived in the time to come.

PART 4

10. Regaining contextual focus

If the recent points of critique above are combined and analyzed with respect to the theoretical paradigm and contextual history of Virgin presented in this thesis, valuable case specific recommendations can be made.

To further increase the relevance and quality of these, the reasoning in the following sections is based on current and future contextual trends presented by the Copenhagen Institute of Future Studies (CIFS)¹². Furthermore, the contents of these recommendations serve as valuable information with respect to answering the general research question of this thesis in the following conclusion.

10.1 Identifying future contextual trends

Analyzing the history and the current state of the Virgin brand, it becomes obvious that one big dissonance is apparent - the need for a focused opposition based myth. Previous myths in periods of success were based on exploiting the construction of exact populist worlds and the occurrence of cultural contradictions; see fig. 12, 14 and the table in appendix 4. At the current state, the analysis of Virgin reveals no obvious effective myth. Hence, the first and most important recommendation concerns the composition of such; which, as following sections will illustrate, can prove difficult.

True to the nature of the research question of this thesis, the contextual framework for mythical composition is in this thesis defined by contextual trends derived from the financial crisis.

Reports from CIFS describe how the financial crisis can be described as "the perfect financial storm"; the result of numerous calumniating factors - a storm that has and will continue to change the behaviour and mindsets of consumers (Fremtidsorientering 2009a, c). They predict that consumers will become increasingly sceptical as institutions previously synonymous with safety, honesty and superiority continue to "get it wrong". The institute further predicts that

¹² <http://www.cifs.dk/>

this is amongst the factors leading to three general future trends relevant for the topic of this thesis¹³.

10.1.1 Green growth

The first trend predicted by CIFS is focused around what can best be described as "green growth". As the word entails, this trend is focused on environmental friendly growth within existing and new lines of business. The deteriorating effect that the financial crisis has on the growth from traditional markets in USA and Asia, will force the companies and consumers within most markets to turn their attention towards alternative areas for growth and innovation - the biggest of which is predicted to be within energy efficient products and markets as well as collectivistic and infrastructural investments.

This tendency will take its effect not only on corporations - but equally in the minds of consumers who will applaud the idea of a "Global Green Deal" which bares optimism and the promise of a brighter future.

10.1.2 Stagflation

The second trend predicted by CIFS is focused on the general economical outcome of the crisis. CIFS predicts that the economical context will experience conditions like those in western economies in the 1970'ies or Japan during the 1990'ies - defined by stagflation. Consumers and employees in the western world will experience a pressure on their income and on their job safety. This is partly due to the price competition from "low cost economies" as well as the fact that they predict that competition will move to markets and products defined by the term anarconomy - a term describing the process by which traditional physical and service products will be replaced by shared services and open source products; dramatically changing the arena of competition in western economies.

10.1.3 The fall of capitalism

The last trend described in these sections is by CIFS defined as "the fall of capitalism", and is to some extent a combination of several trends - including the two above.

In its essence it is focused around the severe effects that the financial crisis, failing trust and confidence has on the behaviour of consumers and inhabitants in general. These will realize that they are the ones paying the bill for mistakes they do not see as their own and cases of overpaid and greedy executives will keep reappearing. This will in return make them turn

¹³ The following 3 sections describe 3 general scenarios, derived and subjectively added from Fremtidssorientering 2008 a,b and 2009 a,b,c.

against corporations and nations defined by traditional capitalistic values - resulting in a focus on "simple living" and support of local economies. Identity and national identity in general will become even more important.

The trends described above was as mentioned subjectively composed and presented from a series of scenarios presented by CIFS. I chose not to rely on any single trend or scenario for the simple reason that the future is not set, and that a composition of different trends will ensure the needed dynamic contextual background necessary for effective myth composition. The following sections will constructively combine theory covered by this thesis with the contextual history of Virgin and these futuristic scenarios, followed by a conclusion.

10.2 Recommendations

The first and aspect to be discussed, is the status of the icon of Branson. Previous sections revealed that the perception of the personality of Branson is not what it used to be during previous periods; in which the values and meanings connected with his personality were centred on the British national ideology, rebellion against the establishment and value for money. He *was* as previously mentioned the Robin Hood of Capitalism - a role that would fit considerably better with the predicted trends of green growth, stagflation and the fall of capitalism than the perception of the current role and iconic status of Branson; see section 9.1. But how do you align the associated myths and values of Branson with contextual trends? The answer lies in the brand strategy of the company and the personal history of Branson. Fig. 14 illustrated how meanings were transferred from Branson to Virgin; the peculiar thing is, that I believe that the "top down" meaning transfer perspective suggested by McCracken does not apply in the current state of Virgin and Branson. 40 years of meaning transfer has left it virtually impossible to separate the values of Branson from those of Virgin - *and* the other way around; hence the "ineffective" state of the icon of Branson might as well be a result of the strategies of Virgin, as it can be actual developments in his personality. Thus, the solution could; thanks to decades of meaning transfer be found solely in the strategies of Virgin; leaving Branson free from altering his personal life, and to thrive from "bottom up" meaning transfer from the company.

This might seem like a somewhat abstract argumentation, but in its basic sense, the reasoning is based on the fact that the Virgin brand is as much a part of Branson as it is a part of the company - hence the endorsement process can now be reversed and the iconic status and values of Branson simply altered by strategies of the company - and not the other way around;

something that should - given the restrictions of the age of Branson, enable a broader scope of accessible myths and values.

Three tangible changes in the brand strategy of Virgin is derived and described shortly below. A constructed framework has been added in appendix 7 to illustrate how these changes interacts with the contextually constituted world based on the trend of green growth and a wide array of theories used within this thesis; such a framework could be constructed to fit any of the trends described above.

10.2.1 Focused diversification

Although physical products mean little or nothing within the theoretical paradigm proposed by Holt, it is evident that the values of the diversification strategy of Virgin has an impacts on the perceived identity of the brand and associated myths.

Following the predicted trends of CIFS, the scrutiny of consumers will increase in the face of the financial crisis. Thus, it will become increasingly difficult to successfully compose myths based on cultural contradictions and opposing companies if the presence of Virgin is evident in both of the contradictory contexts.

Adding the points above to the contextual history of Virgin and the predicted trends, it becomes evident that Virgin should avoid extreme oppositionistic diversification. An example of such could be; Virgin Green – a multibillion dollar fund dedicated to investments in environmental investments vs. Virgin Finance, Virgin Galactic or the upcoming Virgin F1 team. The contrast between these is astounding, and the values that these imply are clearly adding to the current confusion surrounding the core identity of the Virgin brand.

Given the analyses and theoretical perspective of this thesis, I propose a *focused diversification* strategy based on values rather than actual products and lines of business. Directing the attention to the table in appendix 7, such a focused diversification strategy should be made possible by the active use of the contextual basis of Virgin, secondary associations of such, the extended brand identity and the tools connected with these with respect to the following two factors.

10.2.2 Exploiting history

The second aspect that needs to be addressed is the need to exploit the contextual history of Virgin. It is obvious that the previous myths and contextual compositions of Virgin described in sections 7.1.1-7.1.3 and fig. 13, 14 & 15 all have clear referenced to the trends predicted by the CIFS.

The myth and role of Virgin as the Robin Hood of capitalism during the 1990'ies is a perfect fit for the trend; "The fall of capitalism". The contextual framework surrounding the previous *slacker myth* resembles those described in the "stagflation" scenario. Furthermore, the *love peace and harmony myth* implied values that are directly transferable to the contextual trend of green growth and environmental focus – which is the focus of the table in appendix 7.

It is evident that the contextual material for a historical composition of myths is available, but in order for myths based on historical authenticity to be successful; a overall fit needs to be apparent in the strategies. Already having discussed to importance of the diversification strategy; the second most important aspect remains; Richard Branson.

10.2.3 The future role of Richard Branson

If the future role of Richard Branson is assessed with the theoretical perspective of this thesis, several opportunities prevail for addressing the "unfortunate" trend concerning the perception of his personality revealed in section 9.1.

First possibility: the iconic status of Branson determined in previous sections entails the possibility for Virgin to thrive on his iconity rather than his personality. This would inevitably result in a more static perception of Branson as referring to his past will limit the use of authentic dynamic myths; but if the worst case alternative is assumed this will prove advantageous. The worst case alternative could be one in which an elderly Branson no longer guide the myths of the Virgin brand in the right direction – one in which the values of his person continues to deteriorate the rebellious perception of Virgin.

Put short; the first possibility resides in the scenario in which Richard Branson prepares Virgin for the time after his era – which further underlines the importance of the two strategies above – as these are focused on the brand of virgin rather than that of Branson.

The second possibility is that Branson regains his contextual strength by actively aligning his activities image to fit with the contextual trends *and* the two strategies concerning focused diversification and exploitation of history. The contextual trends predicted by CIFS described in this thesis, offers a near perfect fit with the previous conceptions of Branson and Virgin – hence the second and in my opinion most obvious possibility; is for Branson and Virgin to rely on the myths by which they conquered markets and the minds of consumers in previous decades. Although times and products change – the values of valiancy, honesty, rebellions

and harmony does not; and these are exactly what a contextual environment consumed by crisis needs.

11. Conclusion

The purpose and general research question of this thesis was to describe and compare traditional and contextual branding; and discuss whether modern strategies of branding offer viable strategies within the modern context.

In part two of this thesis, it was established how theories of what was to be considered as traditional branding was concerned with both tangible *and* intangible aspects of brand. Hence, the material benefits and design of products was bestowed with significant importance; which indubitable was due to the original and physical meaning of branding. Analyzing the core elements of the models by Keller and Aaker revealed that the tangible *and* intangible aspects composing the value of brands could be summarized by the key theoretical term *brand equity*; which could be leveraged by traditional methods of advertising and techniques such as brand extensions and co-branding.

Whereas brand equity was the central element in traditional branding; *identity value* was central within the theoretical paradigm of contextual branding. It was apparent that the general models of contextual branding should not been seen as contradictory to those of traditional branding. Thus, they should be perceived as being a natural evolutionary part of branding in general. This assessment was underlined by the fact that the developments of contextual branding was in line with those within research in other relevant fields, such as; consumer needs, consumption and the context in general. It was evident that the tools of contextual branding rely solely on building and maintaining the intangible aspects of brands by means of e.g. meaning transfer and endorsement.

Furthermore, it became evident in the theoretical comparison, that the difference between the traditional and the contextual paradigm was more a question of a difference in perspective rather than a difference in theoretical tools and applications. Relying solely on either perspective would from a theoretical point of view be disadvantageous; and the degree to which contextual branding should be applied is highly dependent on the context *and* the company and line of business in question.

In an attempt to test the assumptions and conclusions based on the theoretical comparison above, an empirical case analysis of the history of the brand of Virgin was conducted with

respects to principles mainly from contextual branding. This analysis revealed that the brand strategy of Virgin was in line with principles of contextual branding – and had been so for almost four decades; encompassing everything from contextual myths, storytelling, meaning transfer and celebrity endorsement. In order to further analyze whether this accordance with contextual branding was coincidence or the result of exceptional perception and foresight, the case of Virgin vs. British Airways was analyzed. This analysis revealed strong evidence that Virgin actively and consciously applied aspects referable to contextual branding; and that such proved an important element – resulting in superior brand performance.

Having established the historical evidence advocating that contextual branding had been advantageous in the case of Virgin, the attention was turned towards the current context, in the attempt to illustrate how principles according to the theoretical perspectives assumed in this thesis could be applied in the case of Virgin.

By applying principles of contextual *and* traditional branding with respect to contextual trends proposed by CIFS, a number of relevant points of critique concerning the current status of the Virgin brand were revealed - problems that revolved around the founder Richard Branson, the company and the context. These were all assessed from a structured theoretical perspective, which resulted in the creation of a complete framework regarding strategies and recommendations.

On the basis of the theoretical and empirical evidence presented in this thesis, it can be established that contextual branding and the related theoretical perspectives and tools does indeed present a golden opportunity in the current context – defined by a financial crisis. However, it was also evident that contextual branding implies a number of assumptions and principles that are highly dependent on not only the contextual framework; but equally the identity of the company and line of business.

“The difference between crisis and opportunity is only a matter of the contextual lens through which ones reality is perceived.”

12. Perspective

Whilst working on this thesis, several interesting aspects for further research were revealed; that due to lack of space and the narrow scope of this thesis was only briefly discussed and analyzed.

It was in theoretical comparison in earlier sections revealed that aspects of contextual branding should not be considered as universally applicable across all industries and lines of business. It could be interesting to further examine exactly what the conditions for successfully applying principles of contextual branding are; and how and if these are applicable in industries companies such as financial institutions – which given the current contextual trends of the financial crisis could prove interesting.

A second aspect that I believe could prove interesting; is a historical analysis of contextual. It was in the analysis of the Virgin brand established that Virgin and Branson had been applying principles of contextual branding for almost four decades. It could in this sense be interesting to analyze whether contextual branding has been historically justifiable. Thus, would contextual branding have proven advantageous in previous contexts such as the great depression and the Second World War.?

Nevertheless the research conducted within this thesis had widened my scope of interest with respect to the mechanics and perspectives of branding.

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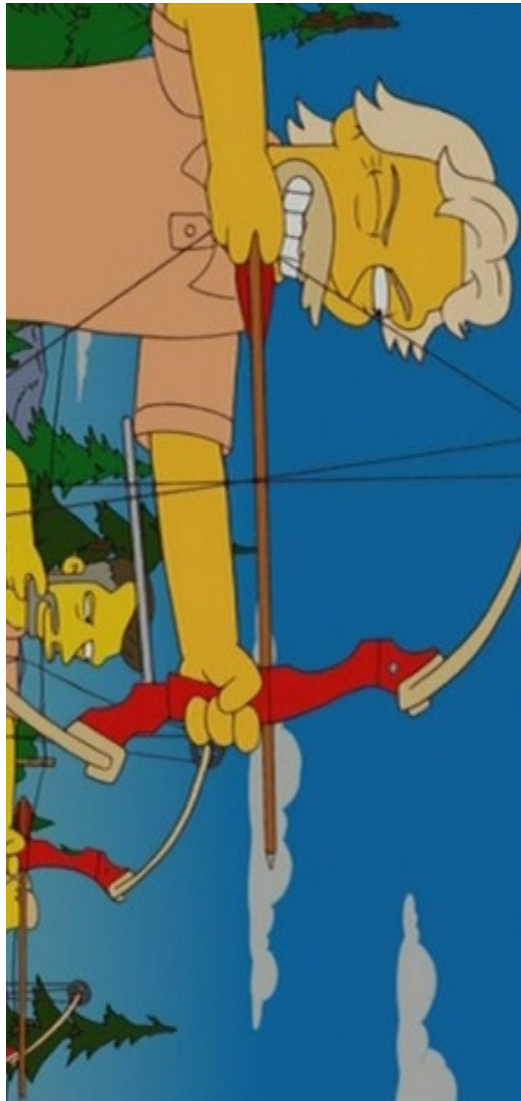
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Appendix 1 – The Lur brand



Appendix 2 - Virgin commercial 1990'ies



Advertiser: Virgin Atlantic

Title: Grim Reaper

: Rainey Kelly Campbell Roalfe Y&R

Date: April 1997



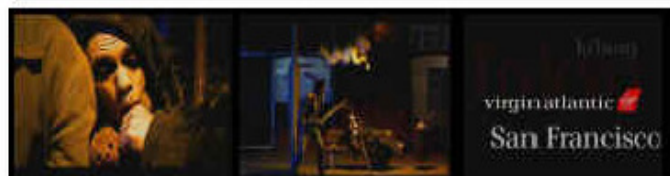
Scene opens with stone angel falling off a building. Church bells ring in the distance as the Grim Reaper appears. Fast paced music starts.



Various scenes of the man's life pass before his eyes, exciting, wild adventures and encounters.



As more and more scenes keep flashing past the Grim Reaper begins to get bored, when eventually he falls asleep.



VO: When your life flashes before your eyes, make sure you have plenty to watch

b)

upper class



*It seems like
every time you blink,
our business class
gets better...*

Our award-winning business class has continually redefined the way airline passengers are treated. Along with a style of service that feels both elegant and casual, our passengers enjoy a generous range of amenities and comforts. Some are obvious, like seats they can actually sleep in.

- **Huge reclining sleeper seats** with up to 15" more legroom than other business classes
- **Complimentary limo service** to and from the airports in the US and the UK
- **Drive Thru Check In**, bypass the hassle and lines, and let the chauffeur check you in without ever leaving the car
- **Virgin Clubhouses and pre-departure lounges**, featuring state-of-the-art business facilities, and at Heathrow and Gatwick, the Virgin Touch beauty salon
- **Pajamas, full-size pillows, feather duvets and fleece blankets** with a dedicated sleeping area on select overnight flights
- **On-board Beauty Therapists**, offering massages and manicures on select flights
- **Revivals Lounge** at Heathrow, where arriving passengers can shower and enjoy a hot breakfast

virgin atlantic 



c)



The Economist. 08/11/2001

Appendix 3 - More Virgin Commercial

Advertiser: Virgin Atlantic

Title: Mr A and Mr B Agency: Rainey Kelly Campbell Roalfe Y&R

Date: October 1999



(Steve Buscemi) : Knocks on car window
(Man in car): This had better be worth it.



(Steve Buscemi) He's upgraded to the free chauffeur service: they drive you straight past check in to a VIP entrance at passport control. I mean who does he think his passengers are? the president of the United States?
(Rutger Hauer) Dirty Trick
(Steve Buscemi) Do you want me to wipe out the Chauffeur?



(Rutger Hauer) I think you'll find there is more than one
(Steve Buscemi) Oh.

Advertiser: Virgin Atlantic

Title: Kitty Hawk

Agency: Rainey Kelly Campbell Roalfe Y&R

Date: 2006



Scene opens with the pioneer walking through the sand dunes of Kitty Hawk and meets the Wright brothers by their plane.
Pioneer: So the plane's here. And how do you get to it? Chauffeur, takes you from your door to the airport.



Pioneer: You check in without leaving the vehicle. What's the flight between here and London? 7 hours right? People want to sleep with proper beds on board.



Pioneer: You're looked after by the best people. You have drinks on board, but why not sit at a bar. You eat when you want. You get to the other side another chauffeur takes you right where you're headed. You're gonna need a bigger plane.



We now pan through the new Virgin Upper Class cabin.

Appendix 4 – The contextual developments of BA and Virgin

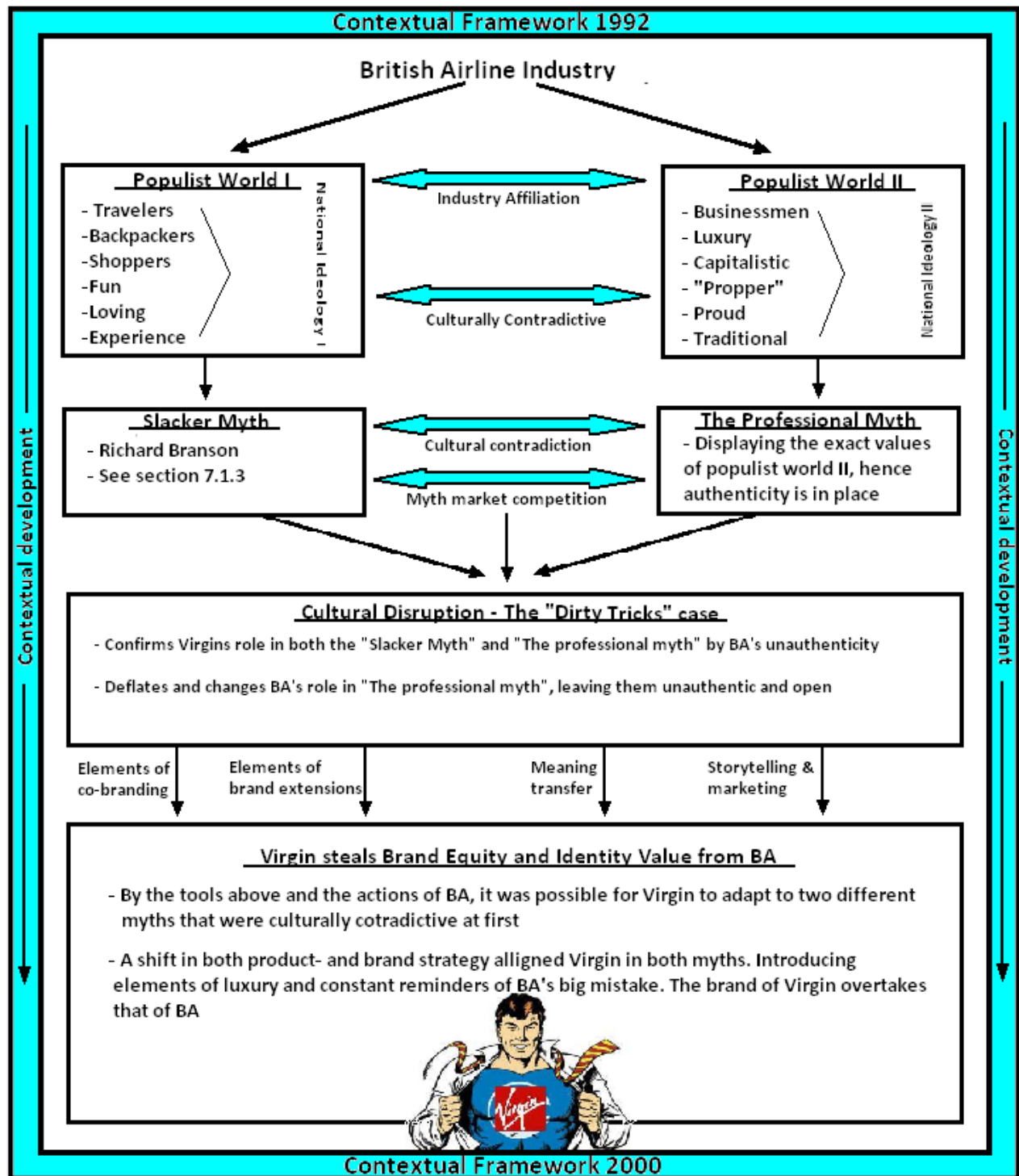


Table constructed from key points of traditional branding, contextual branding and the cases of Virgin and British airways – sections 4-7 in thesis

Appendix 5 – British Airways commercial



Appendix 6 - Questionnaire about Richard Branson

1) Richard Branson is from:

USA	Britain	Australia
-----	---------	-----------

2) Which Company is he associated with?

Virgin	Coca-Cola	Nike
--------	-----------	------

3) I think Richard Branson's biggest passion is:

Being Rebellious	Enjoying the life on first class	Being adventurous
------------------	----------------------------------	-------------------

4) Which of the following pictures illustrate Richard Branson as you would describe him?



1	2	3
---	---	---

5) What role describes the lifestyle of Richard Branson the most?

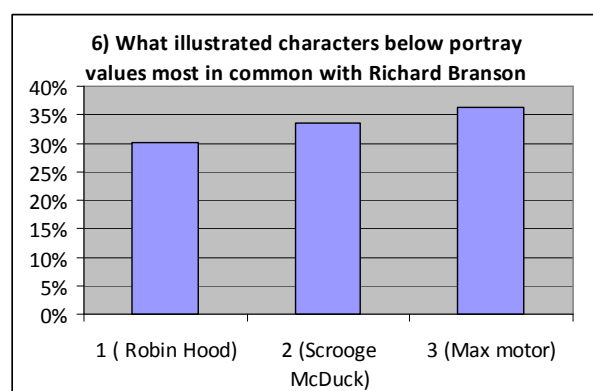
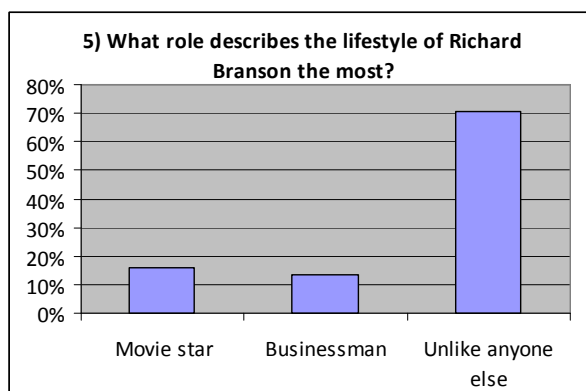
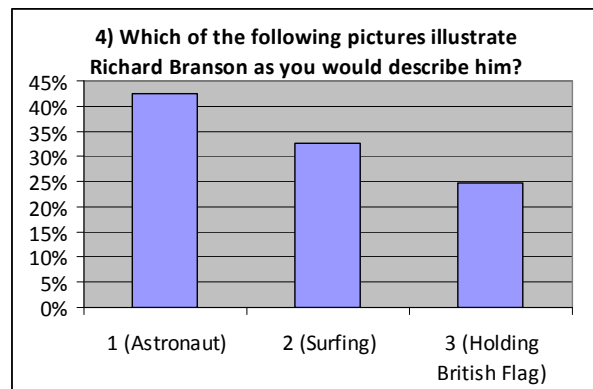
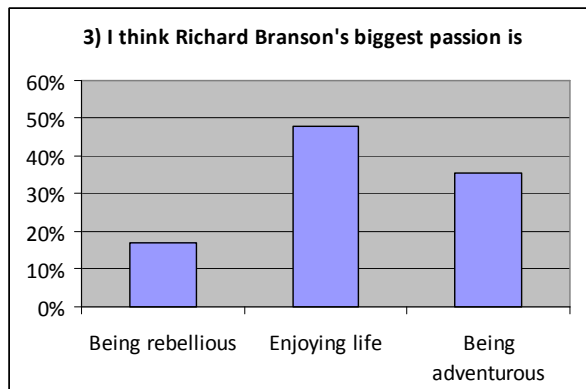
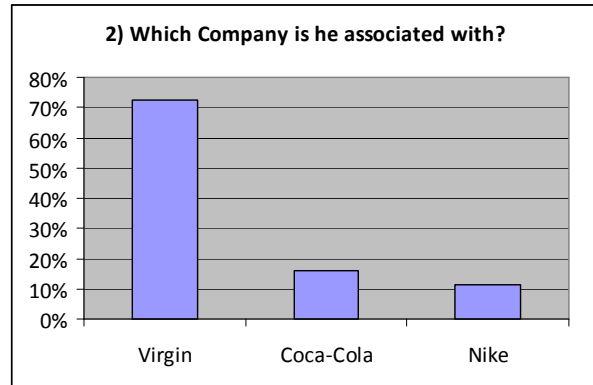
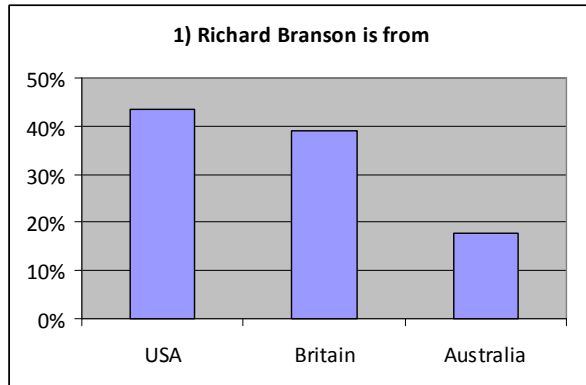
Movie star	Businessman	Unlike anyone else
------------	-------------	--------------------

6) What illustrated characters below portray values most in common with Richard Branson

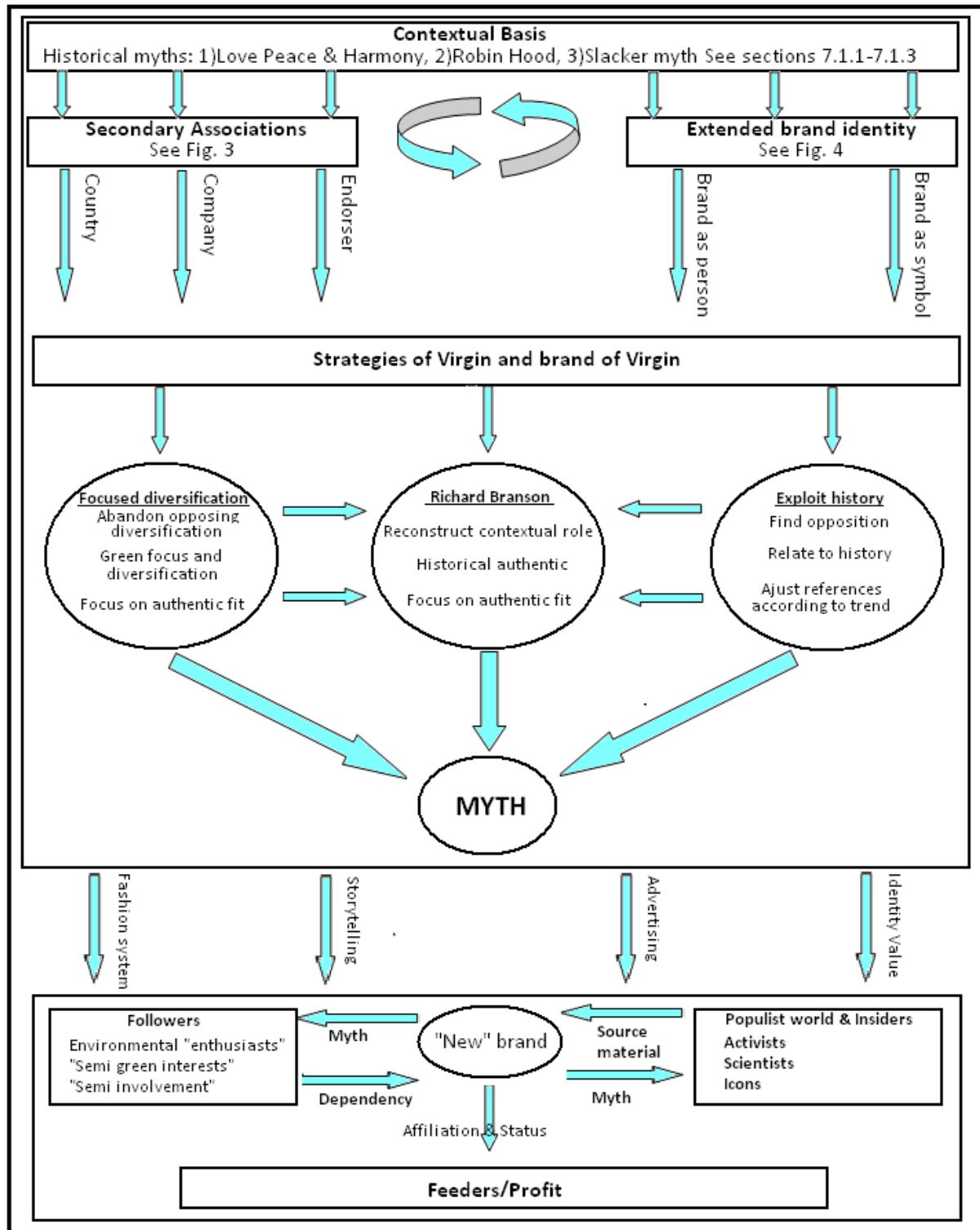


1	2	3
---	---	---

Results



Appendix 7 - Contextual framework for regaining focus





CONS



CULTURE



CONTEXT

A NEW PERSPECTIVE ON BRANDING IN MODERN CONTEXTS

Master's Thesis
M.Sc. Finance & Strategic Management

Advisor: Anne Martensen
Department of Marketing

Author: Rasmus Mars

Date for submission: October 4th 2010

Number of characters including spaces (STUs): 180.407 = 79,3 pages

Executive Summary

Is the current financial crisis the “perfect storm” of capitalism - an all destroying unavoidable factor, representing a threat for all companies; or is this crisis a unique opportunity for exceptionally perceptive and adaptive companies to capture markets and the minds of consumers by clever use of modern techniques of branding?

The following thesis examines and illustrates how methods of contextual branding – a recent theoretical branch within the branding paradigm has evolved from traditional theoretical principles to become a holistic applicable tangible theory; a theory that by the use of a historical analysis of the brand of Virgin proves to have been advantageous throughout the span of four decades. In addition, the empirical performance of Virgin derived from applying principles of contextual branding is comparatively analyzed to that of British Airways – proving the principles of contextual branding superior.

Furthermore, to test whether these principles still deem superior, this thesis illustrates how theories and strategies of contextual branding could prove advantageous in the current context – defined by the financial crisis. Thus, providing a different perspective of branding based on a variety of academic approaches, amongst which are; psychology, sociology, finance, consumption, future studies and behavioural science.

Combining the theoretical and empirical analyses above, this thesis offers unique insight and recommendations in the modern world of branding – a world in which the image of the financial crisis as the “perfect storm of capitalism” is punctured by contextual decoding and exploitation of cultural trends.

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PART 1

1.0 Introduction

As the external framework and general conditions of competition of companies change, so must their strategies in order to achieve continued success. The ongoing global financial crisis that started in 2008 and the widespread economical and psychological effects that followed, is a precise example of how external macro economical factors and trends can effect otherwise previously well functioning companies. We have all seen the documentaries and the news broadcasts of how otherwise solid financial companies are the "*victims*" of the financial crisis, bad judgement or a combination of the two. It is widely accepted that the financial crisis should be perceived as a threat.

This thesis seeks to examine the opposite scenario, and describe how companies by modern branding techniques should seek to look past the financial constraints of the crisis and into the unique cultural context and trends that such a crisis creates.

Whereas the world has never seen a crisis exactly as this, we have indeed seen how such major events affect the contextual framework and the mindset of consumers. Thus, this might prove an excellent opportunity for exceptionally perceptive and adaptive iconic brands.

Branding in its basic sense has been around for centuries (Keller 1998; Aaker & Joachimsthaler 2002). During which time the theories concerning the subject have undergone an astonishing evolution. Branding has evolved from being a simple mark distinguishing goods from those of others, to being one of the most - if not *the* most valuable asset of most major international companies (Keller 1998).

Try and imagine Nike without its logo and Coca Cola without the shape of its bottle - it is impossible. The value of having a strong brand is indisputable, and has been proven empirically time after time.

If seen through the theoretical perspective of the benefits of traditional branding and the methods of contextual exploitation by contextual branding; does a financial crisis still impose a threat? - or a rare opportunity for companies to position their brands within a rapidly changing cultural context?

1.1 Problem statement

Developments in technology and the increasing globalization, are amongst the factors leaving it increasingly difficult for companies to differentiate their products from those of their competitors; parameters such as price, product and distribution are no longer parameters of differentiation, - they are merely necessities for surviving in the long run in a world where the rational buying motives of consumers are being replaced by emotional motives within almost all markets (Jacobsen 1999; Kapferer 2001).

Recent developments within the context as well as within the theoretical framework of branding has in my opinion provided a unique possibility to analyze whether the new aspects of branding are historically justified and viable within the current context; it is these aspects that constitute the general research question of this thesis.

"Describe, discuss and compare iconic contextual branding to traditional branding, and discuss whether such could prove advantageous in the current context"

In order to fully understand the general research question and reach a successful conclusion, a number of key sub questions needs to be addressed.

- Define and outline the theoretical paradigm of contextual and iconic branding, and compare this to traditional branding theories.
- Use this theoretical paradigm and theories concerning cultural trends and developments, to identify a company with a significant iconic brand.
- Conduct a comparative performance analysis with a company in the same line of business, to uncover the potential commercial value of methods of iconic branding.
- With a basis in the theoretical perspective assumed in the case analyses, give recommendations on how the chosen brand should approach the subject of branding during the current context.

2. Method and scientific assumptions

The purpose of the following section is to inform the reader of what general methods within research and theory that has been applied whilst working on this thesis.

Generally, the subject of methodical approaches can be aggregated into three different levels (Darmer & Freytag 1996). The first of which is the science of knowledge which is considered to be of a rather abstract nature, and therefore not applicable nor excessively relevant in describing the methodical perspective of this thesis. However, the second and third level consists of the *method* and *methodical* approach, which are to be considered as the less abstract and more tangible levels of the science of knowledge. Hence the *method* chosen is to be perceived as the general perspective by which the general research problem is perceived, whereas the *methodical* approach describes the specific techniques used.

2.1 General scientific method

Originally, literature concerning the choice of what science to apply when acquiring data, dictates three different conceptions: Positivism, functionalism and constructivism (Darmer & Freytag 1996).

When faced with the choice of which general concept to adopt when conducting research, one can traditionally choose between two different perspectives, the first of which is; taking offset in a specific view of the world and its perceived reality, and thereby let the embedded assumptions of such a view have its effect in the subjectivity of the research.

The second perspective, is to let the problem in question dictate the methods; which is the choice in this thesis. This is due to the fact that the constructive perception of a given problem or reality has its offset in the fact that reality is relativistic in the sense that the perception of reality changes over time and is perceived differently by different persons. This implies that it is impossible to separate all subjectivity from any science or method. Hence how we perceive and apply problems and solutions are highly affected by the context in which we reside.

The choice of a constructive perspective is in line with the core of modern branding, which is focused around individual and subjective assumptions and perceptions. This perspective is clearly advantageous since the general problem and focus of this thesis is on the context. The goal is thereby to seek to apply methods and theories that will provide general rather than specific conclusions to the overall research question of this thesis.

2.2 General Research Method

Under the constraints of the chosen general science of knowledge in the section above, there are generally two different conceptions of how research and knowledge of a specific problem is acquired and analyzed (Darmer & Freytag 1996).

The research can have its offset in existing applicable theoretical models, and by logical research and procedure, conclude on whether or not the assumption and results of the given model is true. Or, it can have its offset in empirical data, and by the use of theory seek to explain and conclude on empirical results.

It is obvious that the choice in this thesis is the latter. This is due to the fact that the context of the present financial crisis is unmatched throughout history. Any attempt to find complete theoretical model which sole purpose is to explain the performance of brands under such uncertain contextual frameworks would surely result in a highly biased result if not a useless one.

Hence the choice of method in this thesis is based on trying to explain empirical results of a selected case, by the subjective and constructive use of theoretical models. The following section describes in more tangible terms what general theoretical perspectives and methods are used in acquiring and analyzing data in relation to the general research question of this thesis.

2.2 Specific Research Methods

Given the general choice of research perspective in the sections above, many different techniques could be applied in order to conduct the research needed to create the foundation for a satisfying conclusion.

These techniques could be characterized as being either qualitative or quantitative. Given the investigative and explanatory nature of the research question and the choice of a constructive scientific theoretical approach, the major part of the research should be conducted through the use of qualitative research methods, such as case studies, future studies and a single questionnaire. However, this thesis will also contain research and data based on historical or quantitative data due to the fact that a historical study is needed to identify potential contextual iconic brands and the performance of these.

The choice of one method does not exclude the use of the other - on the contrary. Research techniques within both categories are used in unison in this thesis - much like the interlaced use of theory and empirical data.

The qualitative research in this thesis relies heavily on one technique; case studies. The data generated through a case study will naturally be more subjective than any information derived from general statistical data. This is due to the fact that the choice of exactly which case to study is made by the conducting entity on the basis of the knowledge he or she possesses, which in return inevitably will induce expectations of what results the study will carry. Such a method as it is used in this thesis is said to be deductive or hypothesis testing (Darmer & Freytag 1996). This method is useful when researching in fields where theory already exists, such as branding.

The rest of the qualitative and quantitative research and data is for the better part based upon published and widely acknowledged material, if any should be considered unreliable or unrealistic in any way, it will be commented upon in the section in which it is used. Any financial data or calculations used in later sections comes from Datamonitor, Yahoo! Finance or the like, and should likewise be considered as correct and reliable.

The following section will briefly introduce the three main theoretical perspectives used.

2.3 Theoretical perspectives

In order to understand the content and structure of the theoretical perspectives of this thesis, a short presentation of the three general theoretical perspectives used is essential. Naturally the nature of the research question entails that a majority of the theory and literature used is centred on branding - but in order to justify the structure in later sections, a separation between what could be defined as "traditional branding" and "contextual branding" must be established; as these impose the two main theoretical perspectives.

The term traditional branding is used throughout the rest of this thesis. It is however necessary to clarify that the theoretical structure behind the term traditional branding, is based on material and theories published more recent than 1970. This might be somewhat misleading since the term branding has been around for much longer; but in order to ensure relevance in relation to the research question and topic of this thesis, it is necessary to tighten the theoretical scope.

The theoretical term of contextual branding is somewhat more recent than traditional branding.

Contextual branding is however more complex in the sense that it draws upon science within culture and psychology to a greater extend than traditional branding. Hence, in order to fully understand and apply contextual branding this thesis draws upon the theoretical aspects from many fields of science and academic research.

The research question of this thesis cannot be answered successfully without the use of empirical- and cultural theory and data. In order to gain the desired insight into the anatomy of a financial crisis and the impact it has on the cultural context and the minds of the consumers, this thesis draws upon literature and theory concerning the subject of financial crises in general.

Furthermore, this thesis draws upon the history of corporate culture and capitalism in order to create the empirical and contextual link between theories of crisis and branding.

2.4 Limitations

The intention of this thesis is to provide a valuable contribution in understanding the link between branding - contextual branding in particular and the performance of companies under certain contextual environments. As this is a somewhat narrow scope by definition, this imposes several limitations on the focus and research within this thesis. These limitations are imposed to ensure a satisfactory depth in focus, while still providing enough scope to establish and conclude on new theoretical and empirical connections.

One limit of this thesis is that the results of the research question and further recommendations are highly dependent on what empirical cases that are used. The purpose of this thesis is therefore *not* to uncover a general recipe for success, but rather to describe how the brand in question should act; given previous performance and the theoretical aspects covered. Hence the results are not to be considered as being applicable in all cases.

Furthermore, the theoretical focus in part two of this thesis is mainly on the general academic perspectives rather than a detailed presentation of specific branding techniques and strategies. This is a conscious choice made in order to get the sufficient width in the theoretical perspectives so that the later comparison and analysis will be based on a sound theoretical assessment.

The general research method assumed in this thesis implies a certain degree of subjectivity – something that is unavoidable. The subjectivity is especially expressed by three factors. The first is the choice and formulation of the general research question – which inevitably imposes

expectations with regards to results and the methods used to achieve such. The second factor adding to the subjectivity of latter sections, is the choice of theoretical perspectives and tools – which given the vast amount of material concerning branding is a result of a selective process. The last major factor contributing to the degree of subjectivity is the conscious choice of what cases to use – which indirectly is dictated by the two points above.

It is clear that the most trendsetting limitation of this thesis is the degree of subjectivity that can occur. Bearing this in mind; criticism and self-scepticism is important aspects whilst dealing with theoretical research and empirical cases in later sections.

2.5 Thesis structure

The choice of the general model of research, the constructivist perspective and deductive research methods are highly influential on the overall structure of this thesis, which can be aggregated into four major parts: Introductory sections, theoretical presentation, empirical case studies and finally analysis and conclusion. Further illustration of the contents of each major section is portrayed in fig. 1 below.

Intro & Presentation	Theoretical presentation	Empirical study & cases	Analysis and conclusion
Introduction	Traditional branding	Case selection	Past performance
Problem statement	Contextual branding	Case analysis	Future performance
Method	Anatomy of a crisis	Case comparison	Conclusion
Limitations	Theoretical comparison		Recommendations
Structure			
Part 1	Part 2	Part 3	Part 4

Fig. 1 - The structure of the thesis, source: own creation

PART 2

3. Branding

The official definition of the term "Brand" is by the American Marketing Association defined as *"a name, term, sign, symbol or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate that from those of their competitors."* (Keller 2002). The reason for this broad definition is that it seeks to describe a

theoretical term that has evolved immensely over the past century. Branding in its most basic sense was first introduced as a method for physically marking products and livestock in order to distinguish it from that of the competitors - hence the name "branding", which stems from the Old Norse word "brandr" - to burn.

As corporate history evolved, so did the term branding and the ways of how it was used and applied. Brands started to become associated with certain *product qualities, reputation* and *values*. It is believed that one of the first of such significant multifaceted brands was that of Wedgwood - a British pottery who's brand became synonymous with innovative colouring and design by the name "Queen's Ware"(McGraw 1997). Wedgwood still exists and thrives on their brand created more than 200 years ago. One of the early famous Danish examples is that of Lurpak and the "Lur" brand. Butter marked with the special "Lur" brand was instantly associated with Danish quality butter - A brand that also exist today, see appendix 1 for illustration.

Throughout history companies quickly became aware of the importance and commercial potential of strong brands. The term of branding has evolved continuously towards becoming an integrated part of the greater identity of companies. It was however not until the late 1980'ies that branding as a general tangible method for leading companies was acknowledged (Keller 2002). Since then, the term of branding has become one of the most important assets in many companies, its influence seen in everything from the corporate identity, employee politics, leadership and product appearance. The following sections seek to present the most important theoretical aspects of "traditional branding" from this era.

4. Traditional branding

As mentioned above, the term "traditional branding" might be somewhat misleading, as branding itself is centuries old. However if seen in the light of recent developments within this theoretical paradigm it *is* most fitting, that theories that are no more than two decades old can be considered traditional.

In order to gain understanding in any field of theory, it is important to understand the general accepted conceptions by which such theoretical field are defined. The definition of branding is a static one.

The existence of different definitions of the term is a testament to the fact that branding is not a fixed theoretical term; but instead highly dependent on the underlying assumptions and general theoretical perspective assumed when assessing it. To fully understand branding, one

must apply theoretical aspects from several different schools of research such as sociology, economics, psychology and marketing. Bearing this in mind, the following sections seek to provide an objective theoretical foundation.

4.1 The concept of Brand value

Despite widespread discussions of the theoretical background, there is no doubt that successful branding and strong brands have a positive effect on the performance of a given company. Most of the research conducted within the field of branding agrees on the overall beneficial effects of successful branding (Keller 1998):

- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic response to price increases
- More elastic consumer response to price decreases
- Greater trade cooperation and support
- Increased marketing communication effectiveness
- Possible licensing opportunities
- Additional brand extension opportunities

Although most agree on the general benefits, they have different perspectives on how to categorize or explain these effects. Kevin Lane Keller categorizes them accordingly: *Product effects*, *price effects* and *communication effects*. Alternatively, Ian Lewis describes how they should all be perceived as either *growth* - or *profit effects*.

In addition, it is interesting to observe the difference in opinions concerning the general reasons or origin of the general benefits - whether these are results of the effect that strong brands have on the perceptions and reactions to marketing activities by the consumer (Keller & Hoeffler 2003); or if it is due to the possible advantages within the marketing mix that a strong brand can provide (Yoo et. al. 2000).

The many perspectives and perceptions on the effects of a brand and the origin of such effects can despite their differences be summarized by one theoretical aspect - *brand equity* (Keller 1998). However, the concept of brand equity is to some extent a subject of debate itself.

In the theoretical world of traditional branding, three different streams of academic research have defined or conceptualized the term of brand equity: psychology, economics and biology & sociology (Keller 2002). Despite the obvious difference in perspective, they all roughly agree on the fact that brand equity is the "more value" perceived by the costumer when presented with a product backed by a strong brand, as to when compared to a product without any significant brand association.

4.1.1 Psychological approach

The psychological perspective for assessing brand equity and branding in general has its academic offset in theories of cognitive psychology - concerned with explaining the effects of branding by cognitive and associative network memory models (Keller 2000). In other words, consumers categorize and memorize products **and** brands based on cognitive and emotional assessment of attributes, rather than on logical or rational reasoning (Keller, 1998; 2003; Loken & Roedder 1993).

Although agreeing on the general perspective of psychology when assessing brand equity, different researchers have applied different approaches in attempting to understand and explain the phenomena. Most of the research done by Keller on the matter of brand equity is conducted with a heavy focus on consumer behavior (Keller 1998; 2000; 2003), and so he defines costumer based brand equity (CBBE) as: "*The differential effect that brand knowledge has on consumer or costumer response to the marketing of that brand*"(Keller 1998)

Keller's conception of brand equity relies heavily on the notion of brand awareness and brand associations, which are key concepts in building and maintaining CBBE. Keller's definition of CBBE is moderately simple and precise, but his theoretical models supporting this definition are more complex. However a general model displaying the concept of CBBE that emphasizes the importance of the relationship between costumer and brand has been established (Keller 1998; 2002; 2003), and is illustrated in fig. 2.

An interesting theoretical perspective within the psychological approach in relation to this thesis is that of David Aaker. Aaker approach brand equity and branding in general from a managerial perspective. Hence, most of the research and published material is concerned with describing the importance of including considerations of branding in most aspects of a company. Aaker defines brand equity as consisting of 4 separate parts that represents either assets or liabilities for a given brand, symbol or company: *brand awareness, perceived*

quality, brand associations and brand loyalty. Aaker also emphasize the importance of the relationship with the consumer (Aaker & Joachimstahler 2002). This is particular evident in the definition of the theoretical concept of "brand identity" - in which he endows significant importance. Brand identity consists of twelve separate concepts categorized within four general perspectives that companies need to build and maintain in order to: "...Establish a relationship between the brand and the consumer by generating a value proposition involving functional, emotional, or self-expressive benefits."(Keller 1998).

However, Aakers definition of brand identity is a static one contrary to several new perspectives, which is seen in his description of core identity: "The core identity is most likely to remain constant as the brand travels to new markets and products..."(Aaker & Joachimstahler 2002). The Aaker conceptualization of brand equity is also portrayed in fig. 2.

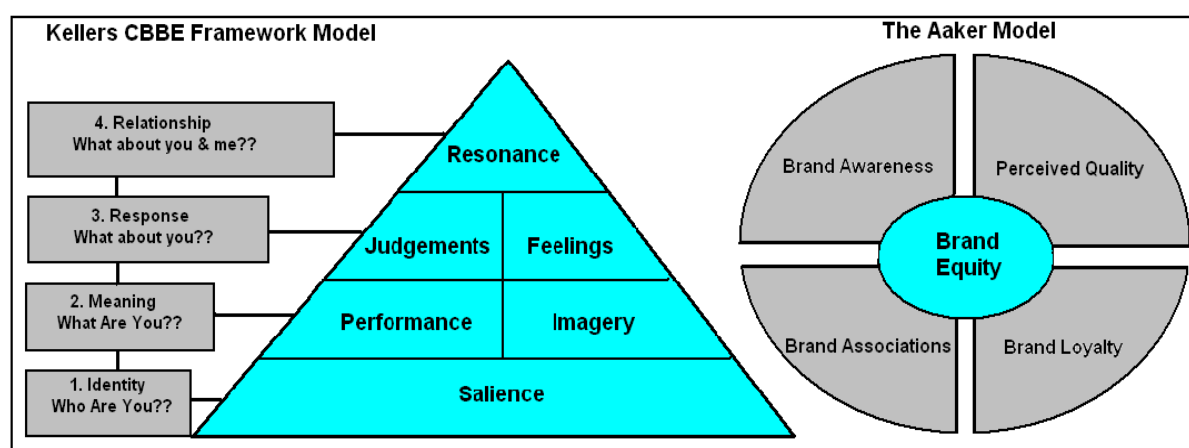


Fig. 2. - Conceptions of brand equity. Source: Constructed from original models from Keller 1998 and Aaker & Joachimstahler 2000

The models of Keller and Aaker are in relation to this thesis considered as cornerstones in the theoretical concept of traditional branding - and are used extensively throughout the remaining sections as well as for explaining crucial elements within the concept of contextual branding.

4.1.2 Economical and Sociologic approach

As most of the focus within the theoretical aspects of Keller and Aaker are based on the psychological perspective described above, this section on the economical and sociologic approach will be rather short and restricted. Leaving these 2 academic approaches out when describing traditional branding, would however be a mistake as they both contribute significantly to the general theoretical paradigm. Furthermore, the theoretical and academic borders separating the 3 perspectives are blurred.

The academic approach defined as being economical is different from the psychological approach in the sense that it relies *less* on behavioral aspects of the consumers, and more on the rational economical arguments of free markets and asymmetric information (Keller, 2002).

The contributions of Erdem and Swait (1998) is an example of a economical/rational approach of brand equity, as they consider brands as tools for informing and signaling consumers on attributes and aspects of products and companies, thereby reducing the need for information and research of the consumer. They still consider brand equity as being based on a relationship with the costumer, as a result of credibility rather than cognitive and psychological aspects (Erdem & Swait 1998).

The biologic and sociologic perspective is interesting and important in relation to this thesis, as the concept of contextual branding explained in later sections has part of its theoretical background in this school of branding. Compared to the psychological and economical perspectives, the social perspective does not focus solely on the two-way relationship between the consumer and the brand. Instead, the focus within this perspective is on the broader general cultural and anthropological importance of brands - in the sense that the popularity and success of brands are due to cultural and social trends, rather than the attributes and quality of products and companies (Keller 1998; McCracken 1993; 2005; Holt 2005).

It is evident that the three different academic approaches differ in their theoretical perspectives and the assumptions that these imply. However, it is obvious that they all agree on the basic benefits and effects that having a strong brand entails. Hence, the different perspectives should be seen as different paths to a common destination, whereas different scenarios and different contexts would require emphasis on any of these three perspectives. Bearing these similarities in mind, I believe that the original CBBE framework for building costumer based brand equity proposed by Keller, with a strong focus on the costumer relationship is a suitable general model for displaying the theoretical paradigm of "traditional branding". Further attributes of the CBBE framework is illustrated in fig. 3.

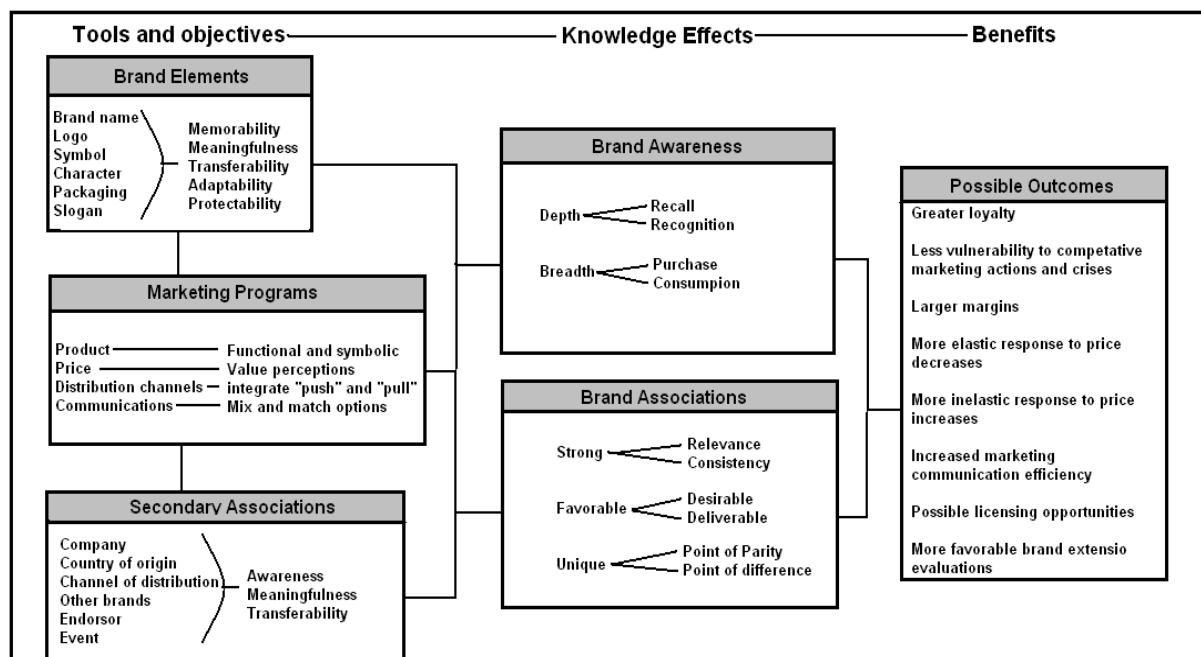


Fig. 3 - Building customer based brand equity, Source: Building, measuring and managing brand equity, Keller L. Kevin, 1998, page 69.

4.2 Measuring brand value

Naturally, the different academic approaches of the subject of brand equity have aspired several different ways of how brand equity is observed and measured. Keller and Lehmann (2006) prescribe that brand equity should be measured and investigated at three different levels: *customer*, *product* and *financial*. The first of these approaches is the customer based approach, where *"The value of a brand - and thus its equity - is ultimately derived from the words and actions of consumers"* (Keller & Lehmann 2006). Hence the value of a given brand is by this approach measured implicitly or explicitly by the knowledge and associations of a brand in the minds of consumers. Although this might appear rather abstract and hard to measure, several models have been developed to capture and measure these aspects, e.g. the AIDA model¹ and commercial models such as BAV² and the similar BrandZ database³ - models that all result in vast commercial databases. Such customer equity based models are largely derived by focusing on different emotional areas like those illustrated in the Aaker model in fig. 2 organized in a chain or a hierarchy (Keller & Lehmann 2006).

When assessing the value of brand equity on the product level, researchers have focused on studying the differences in price premiums, price elasticity and sensitivity to competitors' reactions (Keller & Hoeffler 2003). Numerous empirical studies supports the correlation

¹ Awareness-Interest-Desire-Action

² Brand Asset Valuator, www.brandassetconsulting.com

³ www.Brandz.com

between leading brands and the beneficial tendencies mentioned above. However, it has been debated to what extent brand equity can be accredited for such effects or if the correlation is the result of other determining factors (Keller & Lehmann 2006).

A third approach for measuring brand equity is based on models that study and interpret financial performance. Two popular indicators of financial performance used in such a way are Tobin's Q and incremental cash flows, which accrue to branded products over unbranded products. When applying these methods, researchers seek to measure, define and explain the components of market value *unexplained* by financial assets (Keller 2002; Barth Et. al 1998; Simon & Sullivan 1993).

As it was evident in the conceptualization of brand equity, the subject of measuring and defining the value of brand equity is highly dependent on the academic perspective applied. The following section reflects on how the benefits and the value of branding are reaped, by describing the core theoretical elements of brand building.

4.3 Traditional Brand Building

According to researchers it requires considerable effort and focus on a wide scope of tangible and intangible aspects to build a brand from which benefits will transpire.

Keller considers the term "brand elements" as a general description of the tangible physical "trademarkable" markers by which a brand or product is physically defined; such as logos, design and packaging, see fig. 3 (Keller 1998, 2002). Of more importance in this context, are the criteria for *selecting* and *designing* successful brand elements imposed by Keller: Meaningfulness, memorability, transferability, adaptability and protectability (Keller 1998).

Countless studies have been made to illustrate the importance of tangible aspects, ranging from the choice and combination of letters,

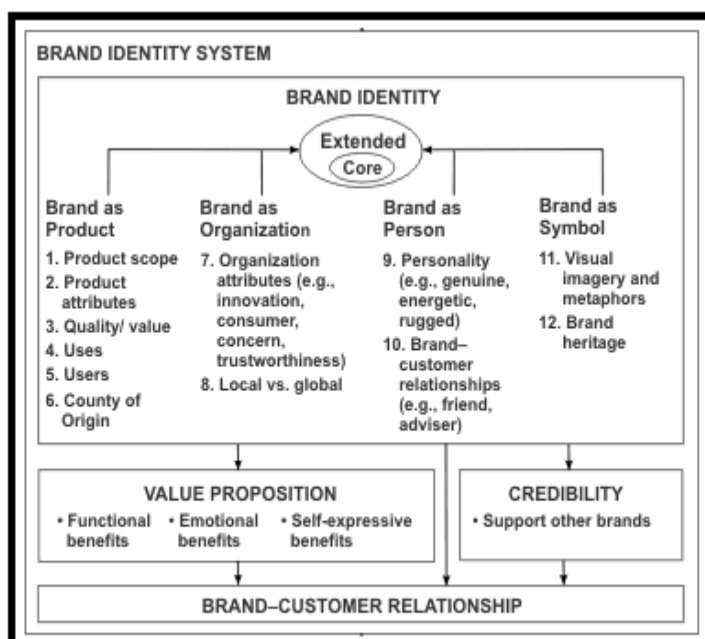


Fig. 4. Part of the brand identity planning model. Source: Aaker & Joachimstahler 2002, p. 44

to the cultural and semantic implication of certain names and different values imbedded in these (Keller 1998, 2002).

Aaker and Joachimstahler have similar - but more radical views on how the tangible and intangible aspects of a brand should be considered and separated. Their perspective is evident in their term of brand identity - and the related holistic strategic model of *brand identity planning*, a part of which is seen in fig. 4.

They propose that brands are built and maintained by focusing on the core - and extended identity of a brand; resulting in a value proposition consisting of both tangible (functional benefits) and intangible (emotional benefits).

Keller has similar views on the aspect of brand intangibles, and agrees on the importance of brand personality as seen in fig. 4. Brand personality is considered to be the human traits of a given brand, by which a relationship with a costumer can be established - a key element in all branding models within the customer based brand equity perspective.

Whether the intangible aspects of brands are defined as the knowledge effects of the CBBE model, or parts of the extended brand identity in the brand identity model; the value of such aspects is undeniable- and given the fact that such intangible aspects gain their value in the unique mindsets of the consumers - the possibilities are countless. One particular interesting intangible aspect in relation to this thesis and latter sections on contextual branding is the recognition of "brand communities".

Within the theoretical paradigm of traditional branding, Muniz & O'Guinn defines a brand community as "... *a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand*"(Muniz & O'Guinn 2001). Such communities have an immense impact on the set of values and the moral and behavioural aspects of consumption by consumers.

The existence of such social communities centred on one or more brands is a cornerstone in the theoretical perspective of iconic- and contextual branding introduced in later sections.

4.4 Leveraging the brand

Having chosen the brand elements and general marketing programme, the stage is set for leveraging the brand equity by methods such as brand extensions and brand associations. Keller describes secondary brand associations as being the possible link between the brand and other entities that have their own knowledge structures in the minds of the consumers.

This might in some cases result in the transfer of consumer responses and associations from one entity to another; hence if done successfully, one brand can "borrow" or "steal" brand knowledge or even brand equity from another entity (Keller 2002). This process has by McCracken been described as "meaning transfer."

These sections focus solely on the general topic of brand extensions and co-branding - both of which are related to all the factors within the list.

4.4.1 Brand extensions

The subject of brand extensions has since the introduction of brand equity been the subject of immense research. The exact definition of brand extensions relies on the academic and theoretical perspective by which branding is perceived. The research on consumer brand extension attitude formation by Keller and Aaker (1992) suggest the definition: "*The use of an established brand name to enter a new product category*"(Aaker & Keller 1992), by this definition, the benefits of brand extensions are obvious - companies can, if applied successfully, avoid the costs and risks associated with building a new brand, by convincing consumers that the positive attributes associated with the original brand are relevant to the new product/brand (Aaker & Keller 1992). According to Aaker and Keller, the success of brand extensions is determined by three factors:

1. "... **Attitude** toward the original brand" - which in the theoretical paradigm could be defined as the amount of brand equity.
2. "... **fit** between the original and extension product classes"
3. "... **perceived difficulty** of making the extension".⁴

The advantages of brand extensions are numerous and rather obvious, but if the perspective of Aaker and Keller above is assumed when assessing how to successfully leverage brand extensions; it becomes clear that conditions for successfully transferring a brand across different product lines, impose barriers.

Many researchers have turned their attention to studying the potential reverse and negative effects that can occur if brand extensions fail.

One of the most interesting aspects of disadvantageous brand extensions is the potential negative impact on the parent brand. Aaker and Keller conducted an empirical study, that

⁴ All three quotes are found at: Aaker & Keller, 1990, p29

suggested that the consumer perception of a given parent brand was *not* affected by negative attitudes or incidents towards sub brands (Aaker & Keller 1990). More recent studies by other researchers have however questioned the validity of these findings (Barrett et. al. 1999). In addition Keller recognizes the so-called dilution effects of parent brand image in his later publications (Keller 2002). Martinez and Chernatony (2004) introduces a brand extension perspective in which the brand image is classified by two types: the general or parent brand image, and the product brand image. They suggest that if the brand name is strong enough as e.g. Nike or Sony, the negative implications on brand or product extensions will cause no extensive damage on the general brand image - hence "*...the dilution effect is greater on product brand image than on general brand image*" (Martinez & Chernatony 2004). It is evident that the results of these studies vary depending on the context in which they were conducted.

Later sections will discuss the importance of such contextual and cultural aspects in explaining why some companies such as Virgin, can extend their brand across a seemingly limitless amount of lines of business, whilst other types of companies have failed in doing so.

4.4.2 Co-Branding

Closely related to the subject of brand extensions, is the topic of co-branding - a branding method that since its introduction has become increasingly popular. The list of secondary associations by Keller presented in the section above, illustrated how interaction between brands can leverage the brand equity of one *or both* the brands; which is exactly what co-branding seeks to achieve.

Brand alliances and co-branding in general is no new aspect in the world of branding; the ways in which it is applied have however evolved in recent years. Traditional brand alliances was typically between brands within the same industry, e.g. different companies within the food or snack industry would combine products. Examples of such are the collaboration of McDonalds and Nestlé in periodically launching products like the McFlurry with Smarties. A example could be that of Marabou and Daim. Both examples are illustrated below.



Fig. 5 - Examples of Co-Branding, Source: Own creation

In recent years, co-branding between companies and products within widely different industries have become popular. An example of such is the strategic alliance of Starbucks and Apple in 2006; in which popular music from Starbucks cafes became available in a special feature in iTunes⁵. On first glance, an alliance such as this seems to lack fulfilment of the criteria of fit and transfer between products - described in section 4.4.1.

However, if the transfer is focused on the *intangible aspects* of brands and brand identity - an alliance such as that of Starbucks & Apple starts to make sense, as many of the secondary associations and the extended identity are focused on the lifestyle and image of its consumers. The result is a fit between the *brand identities* rather than a fit between products. In recent studies Batra et. al. empirically illustrate this point.

4.5 Corporate vs. product brand building

It is clear that the sections of traditional branding covered so far have distinguished between internal, external, primary and secondary brand elements. Furthermore, theories of Aaker and Keller described how these traits were associated with the physical product as well as brand intangibles. In recent years the term of corporate branding has been gaining a foothold as general theoretical term that covers all these aspects of branding.

It is evident that the term of traditional branding used throughout this thesis is *not* just defined as being focused on product branding - the theoretical paradigm encompass several aspects relating to the holistic and identity based view on branding; which further underlines that the following theoretical proceedings concerning contextual branding is *not* to be perceived as an

⁵ <http://www.apple.com/pr/library/2006/oct/05starbucks.html>

alternative theory, but rather as a evolutionary theory - derived and created from principles according to "modern traditional branding".

This section concludes the sections concerning the presentation of "traditional branding". The subject of branding is as mentioned earlier a vast theoretical subject. The choice of theoretical topics presented is a result of the my assessment of relevancy in connection with the general topic of this thesis.

In addition, the topics of the theoretical sections so far, was chosen due to their relevance to the second main theoretical aspect of this thesis - Contextual and Iconic branding

5. Contextual iconic branding

Previous sections have sought to describe general aspects of traditional branding. The proceedings in following sections are somewhat different. These sections are dedicated to describing the concepts of *one* recent branch of branding - namely contextual iconic branding. Although contextual branding should be considered as an independent theoretical framework, the reader must keep the aspects of traditional branding in mind - as it is from these that the theories of contextual branding has emerged. The core theoretical aspects of contextual branding presented in these sections, are those presented mainly by Douglas B. Holt, supported by additional theoretical aspects.

In accordance with the previously described general research method of this thesis in section 2.2 - the purpose of the following sections is double sided, as they serve the purpose of providing the necessary theoretical insight needed to identify relevant empirical cases - as well as serving as the theoretical tool by which these cases are later analyzed.

5.1 Icons as brands and brands as icons

Naturally, the development in branding has always been closely related to that of other schools of academic research and social science. It can be argued that the first seeds of a need for a different type of branding were already planted by Levy in the 1950's with his notion that the product no longer was the only entity consumed - symbols and brands were perceived as equally important (Levy 1959). The scope of branding has been increasing ever since, encompassing both the marketplace and the social landscape, transforming such into a commercial "brandscape" (Salzer-Mörling & Strannegård 2004).

One of the most recent and complete theories based on these "new" views of consumption and branding, is that of Douglas B. Holt - concerned with contextual branding.

Contextual and iconic branding as presented by Holt has its offset in the notion of icons and exploration contextual and cultural trends.

History has shown that cultural icons can be anything or anybody - ranging from persons such as Oprah Winfrey, David Beckham or Barack Obama, to companies such as Virgin, Nike, Apple and even buildings such as the Statue of Liberty or the Empire State Building. In other words - icons can appear in any form within any given context. The typical dictionary definition could be: *"a person or thing regarded as a representative symbol, especially of a culture or a movement; a person or an institution considered worthy of admiration or respect"* (Oxford English Dictionary 2010), which put short, according to Holt, could be expressed as *"...cultural icons are exemplary symbols that people accept as a shorthand to represent important ideas."* (Holt 2004) These definitions gives an impression of the potential impact on consumers, but no clue as to how such icons are created, maintained, exploited; and of special relevance to the subject of this thesis - how this relates to branding.

The existence of icons dates back as long as human history. Originally, icons were created as products of religion and myths. But as with the subject of branding; the catalysts behind the emergence of icons have undergone drastic evolution (Holt 2002, 2004). From being the products of myth and religion, - to becoming precisely calculated commercialized products, appearing in most industries, ranging from sports to politics.

Academic research of culture, anthropology, sociology and history have analyzed *why* icons have come to posses such massive importance in societies all over the world. Amongst the results was the notion of how cultural icons imply and carry certain cultural stories; defined by Holt as identity myths (Holt 2004); myths that consumers use to address and identify with in order to define and justify their own personalities and identities. Hence, the value of icons resides in the symbolic value. The research of Holt seeks to illustrate why and how some of the most successful brands in the world have been build and commercialized in accordance with century old principles of icons (Holt 2002) – **Enter icons**

5.2 The contextual definition of a brand

In contradiction to the fundamentals of traditional branding, contextual branding does *not* consider names, logos and design as elements of a brand; these are mere empty markers (Holt

2004). A brand does not truly exist in a given context or in the minds of consumers before these physical markers are filled and associated with stories, myths and consumer experiences. Holt generally defines four sources from which such stories and myths are generated:

- Companies
- Culture Industries
- Intermediaries
- Consumers

Furthermore, he states that marketers and researchers in general perceive branding as a psychological phenomenon - solely based on the *individual* assessment of the given product or brand. In the world of contextual branding, the strength of a brand reside in the *collective* denominators of such perceptions; hence it is the general context in which a brand resides that becomes dominant in the relationship with consumers - **Enter context**.

Having showcased the importance of **icons and context**, a general term for further use in relation with this thesis can be defined. For the sake of simplicity, the term contextual branding will be used henceforth, and should be perceived as a holistic theory regarding the aspects of contextual, iconic and cultural branding.

5.3 The contextual strength of brands

While agreeing on the general benefits associated with having a strong brand, the theoretical paradigm of contextual branding has a different assessment of what the catalyst for reaching such benefits are, as well as how weak or strong brands are defined.

Researchers in traditional branding agree that the strength of a given brand can be defined by the term brand equity - previously described in section 4.1. However, Holt defines the strength of a brand by the term identity value (Holt 2004). This term describe the degree to which a brand is perceived as important in relation to the identity of a given consumer. This concept - as presented by Holt, results in a classification of brands, ranging from identity brands to genuine cultural icons. This framework is seen in figure 6.

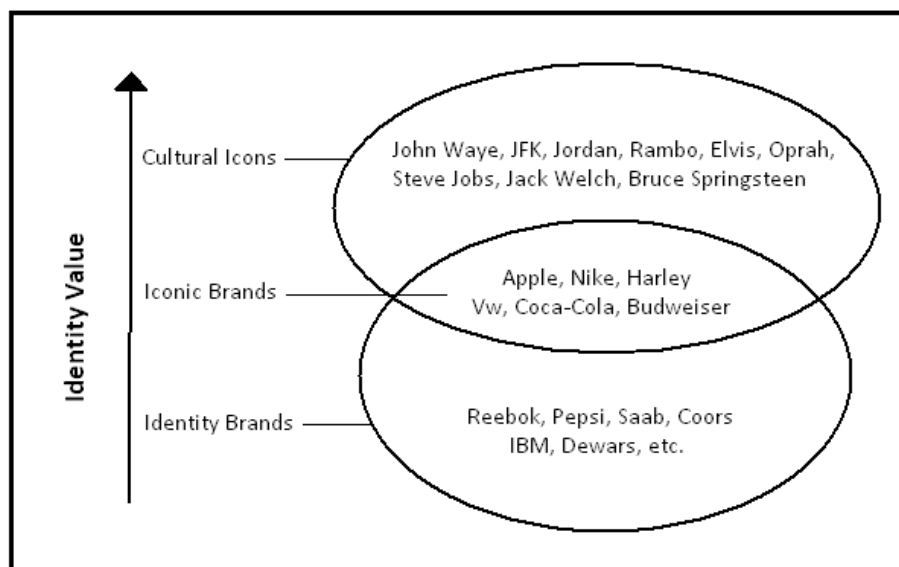


Fig 6, Iconic brands are brands that have become icons, source: Holt 2004, p. 4

It is evident, that this framework does not encompass all brands - seeing as identity brands illustrated in the bottom, are still considered more valuable than conventional brands - hence, the theoretical paradigm presented in these sections, should be considered as a theoretical tool for analyzing why certain brands perform *exceptionally* well under different contexts - even a financial crisis.

By definition, a brand becomes an identity brand as soon as consumers value the brand for what it symbolizes, rather than for what it does. An example of which is when consumers visit Starbucks in order to feed of and portrait the lifestyle that emanates from the restaurant and the concept of a third place⁶. The brand becomes an object by which consumers seek to create their desired identity - by "clothing" themselves in the myths, associations and values of the desired brand (Holt 2004).

In line with the theoretical views of Holt, Fournier (1998) describes how the perception of brand identity should be taken one step further. According to Fournier, a brand should be perceived as a person with whom consumers have a relationship.

If successful, the best of brands communicate so much identity value, that they achieve iconic status - see fig. 6. Once iconic status is achieved, the given brand is seen as an institution in

⁶ The concept by which Starbucks define themselves and their restaurants; not at home, not at work - but somewhere in between.

society from which myths and identities are created and "fed" on by not only consumers, but also smaller and less significant brands.

Having established the contextual and cultural concept of a brand, it is interesting to examine and define the factors and processes by which iconic brands are created - which is essential for identifying and analyzing the empirical cases in later sections.

5.4 Building Iconic Brands

The following sections seek to provide an overview of the elements of brand building within the theoretical paradigm of contextual branding. As seen in fig. 6, the basis of all iconic brands is the notion of identity value - for which the actual physical product has no significant importance; identity brands compete on myth markets (Holt 2004). To many marketers and researchers, this is a controversial statement, which from a traditional theoretical point of view is hard to grasp; how can major brands be build on cultural briefs, contextual contradictions, fictive myths and stories? To understand this, one must first understand why such factors have become so appealing to consumers, shifting of the "arena" of competition towards myth markets.

5.4.1 The structure of myth markets

Myth markets is the stage upon which identity brands compete (Holt 2004) - the structure of these is unlike that of any traditional markets, which are often defined by either products or/and industrial clusters (Porter 1998). Myth markets are defined as being composed by three separate "building blocks": *National Ideology*, *Cultural Contradictions* and *Populist worlds*. The structural interaction of these is seen in fig. 7.

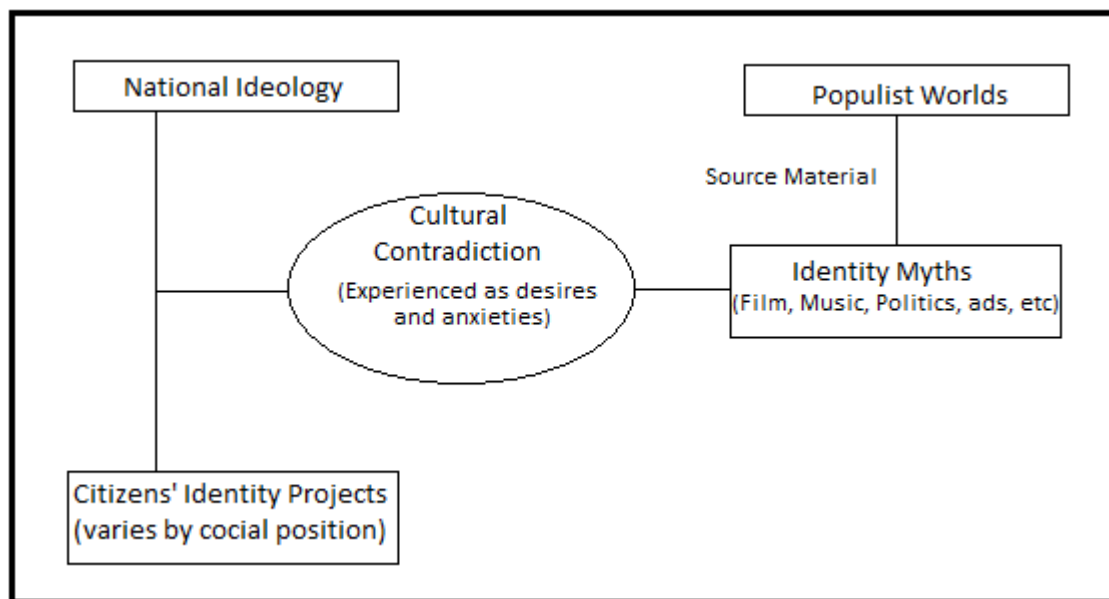


Fig. 7, The Structure of a myth market, Source: Holt 2004, p. 58

In order to understand the implications of the interaction of the three "building blocks", one must first understand the concept of these.

5.4.2 National Ideology

The nationality of a given brand is extremely important, as this implies more associations than just those of flags and languages. Nationality imposes a general framework, including a moral consensus, institutions and different sets of values - by which the rooting factors in the identities of the inhabitants and consumers are defined (Holt 2004).

The nationality is by Holt considered to be the fundamental aspect in forming the general moral imperatives, that propel people and consumers to pursue national goals as they seek to create identities that meet the society's definition of success and respect. These findings are supported by Batra et. al. (2009) according to whom the nationality of a given brand greatly influence the choices of consumption made by consumers.

Expressing a national ideology is not a question of declaration; - the ideology of a nation is created and maintained by a number of often critical historical myths - of which the most important are the ones that are concerned with how citizens are linked to the so-called "Nation building project" (Holt 2003, 2004). This is important not only in relation to the citizens of a country, but also to the creation of the "external national ideology" with which foreign consumers might choose to identify (Batra et. al. 2009; Holt 2004)

The conceptualization of the importance of national identity might seem somewhat abstract. An example, is that of the American national ideology.

Few people can claim *not* to have associations of USA when confronted with names and brands such as Coca-Cola, McDonalds and Ford. These iconic brands all tap into the national identity of USA in their own ways; e.g. the history of Ford portray the national values of individual success, manhood and superior industrial power (McGraw 1997) - resulting in a conscious and unconscious association between brand and national ideology. However, such associations does not appear out of thin air; they are the results of cautiously planned marketing and the creation of myths; - myths that throughout time have become part of the national ideology itself and thereby seen as authentic.

As mentioned above, some myths created and aspired by major companies, can if very successful be traced in the national identity of a given country. According to Olins (1999), such occurrences are atoned to the phenomena by which companies and nations are trading identities with respects to branding. The reasons for this recent development, are according to Olins that major international companies are still growing in power and influence. At the time of his research (1999), Olin found that 46 out of 100 of the world's largest economies were companies *not* nations. Secondly, due to the increasing rate of globalization and international competition, nations are forced to focus on inward investment, tourism and export (Olins 1999). Hence soft areas such as social security and responsibility are now being addressed by companies at an increasing scale.

It is safe to say that nations and companies are dynamically interdependent and that national identity is important in all contexts.

5.4.3 Cultural Contradictions

The ways by which the identity projects of consumers relate to national ideals vary greatly within different societies in any given context. Nowhere is this more evident than in the USA. Few would agree that the perception of the definition of the national ideology by an inhabitant in Eureka Springs AS⁷ is the same as that of an inhabitant in New York City. The reason *why* the different individual identities in the country relate to the national ideology, is according to Holt due to the existence of so-called *cultural contradictions* (Holt 2004, 2003).

⁷ Small town in Arkansas, chosen randomly but specifically to represent a typical small "hillbilly" town

Cultural contradictions are the results of the demand for a symbolic resolution needed to help "smooth" the tensions in the process of creating identities. In other words; cultural contradictions help fuel myths designed to justify the individual identity in relation to the national ideology - hence its position in the myth market framework, see fig. 7. Cultural contradictions play a central role in the creation of myths in society. But as with most concepts in the world of branding, cultural contradictions evolve and change over time - thereby changing the associated myths within the context; which in return fuels the need for a constant dynamic focus in order to maintain the desired position within the cultural brief and populist world.

Such changes are eminent when so-called cultural disruptions occur. Cultural disruptions are major changes in the contextual environment that changes the general consensus and in some cases even national ideologies (Holt 2004). An example of such a disruption is the ongoing financial crisis. This crisis has changed the way most people perceive the financial context. Thus, cultural contradictions within this paradigm are perceived as threats *as well* as opportunities.

5.4.4 Populist Worlds

Whilst cultural contradictions serve as an intermediate in the interactions between the individual identities and ideology; populist worlds serve as the raw material from which myths are built. Holt defines a populist world as: "*... groups that express a distinctive ideology through their activities*" (Holt 2004). Populist worlds are considered as "potent cultural institutions" due to the degree of authenticity they emanate to the "outside world", which stems from three different characteristics (Holt 2004, 2002):

1. Populist worlds are folk cultures- voluntary and not imposed.
2. Activities in populist worlds are intrinsic valuable to the participants; hence the value perceived is not regarded as external benefits or the like.
3. Populist worlds are set in places removed from politics and commerce, hence removing the doubt of an alternative agenda.

These three points all add to the perception of authenticity, but as populist worlds grow, so does the attention they get and their commercial potential; often resulting in a conflict in point three above. A perfect example of where such developments and deterioration of populist

worlds take place, is within the music industry. Here, previous underground bands lose their authenticity as their popularity grows and leaves them "mainstreamed"

In relation to populist worlds and the internal structure of consumer groups, Holt define three different groups of consumers surrounding brands (Holt 2004): Insiders, followers and feeders. These three groups all interact, draw upon, and contribute to the context surrounding a brand. Furthermore, the *internal* relationship between these groups is also highly influential on the surrounding context - thereby affecting the creation of myths and the degree of loyalty these impose. Figure 8 and the following sections below illustrate the importance of these three constituencies.

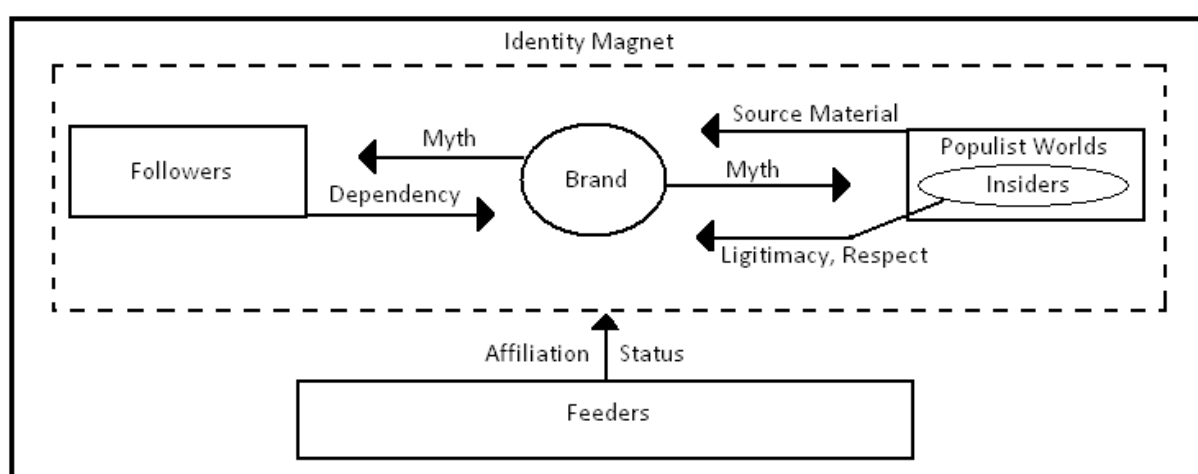


Figure 8, Brand Loyalty is a product of the social network, Source: Holt 2004, p. 140

Followers

Followers are within this terminology considered as the group of consumers which identify with the myth of a brand the strongest. This group relies on a given myth to satisfy their everyday desires and anxieties (Holt 2004). As a result of this dire need for myths, followers become dedicated and infatuated with the target or provider of myths - the brands. The followers constitute much of the basis for the iconity of brands - and their degree of loyalty is substantial. However, they are not to be considered as blind followers - they only turn to a given myth for identity value as long as such is considered authentic in their social context.

When contexts change and shirk, so does the desires and anxieties of the followers.

What was previously considered morally correct and authentic in a community of followers, can turn around in a short span of time. When using these theories for identifying and analyzing empirical cases in later sections, it is important to acknowledge and consider the

fact that contextual changes such as a major financial crisis can have a major impact on the contextual environment surrounding a brand.

Insiders

As seen in figure 8 above, a second important group of consumers in a brand's vicinity, is the insiders. As the name suggests; insiders are the "gatekeepers" or/and founders of populist worlds. Seeing as brands usually seek to tap into existing populist worlds, the interaction between brand and insiders is crucial; foremost due to the fact that the loyalty of followers depend on the accept of the brand by the insiders of the given populist world, as it is these that provide the authenticity on which the brand and its associated myth is dependant.

Holt conducted an empirical study of the brand of ESPN, in which the separation of insiders and followers was especially clear; furthermore, insiders only accounted for around 10-20 % of the consumers, who were viewed as experts in sports by their immediate surroundings, and *"Insiders work extra hard at their mode of watching sports to build a boundary between themselves and mere spectators."* (Holt 2004).

Hence the intrinsic value enjoyed by insiders, is a result of their exclusivity and role as experts. When a populist world becomes "flooded" or overpopulated, these statuses disappear deteriorating the authenticity of the populist world, damaging the associated myths.

Feeders

Feeders is the group of consumers that Holt denotes as the *"cultural parasites"* (Holt 2004). They thrive superficially on the values and social status of a given icon or populist world. In other words, they emulate membership of a given populist world, and are therefore loathed by the insiders who created it.

Feeders are the most profitable group of consumers in the brand community. They stay loyal to the brand as long as the identity value of such is sufficient. It is evident that Holt's definition of a brand community differs from that of Muniz & O'Guinn (2001) in the sense that his definition of the different groups *within* a community provides valuable explanatory information on the interaction between the different constituencies; the value that each constituency finds in the brand also relies on the relationship of the other two.

Feeders stay loyal as long as the followers bestow the brand and myth with identity value; in return, followers only do that as long as the authenticity of the insiders is preserved. Although insiders resent the idea of having their populist world invaded, they also rely on the feeders and followers to provide the status and feeling of being experts.

According to Holt and Muniz & O'Guinn, brand communities are bestowed with the potential to enhance the loyalty of costumers. Thompson & Sinha (2008) have taken the study of the implications of such loyalty one step further. Their study examines the effect of loyalty in the opposition to opposing brands and products, as well as new products from the "admired brand" (Thompson & Sinha 2008). They found that longer-term membership of a brand community increase the likelihood of opposition against competitive brands, and increase the rate of acceptance of new products from the admired brand. These findings are compatible with Holts definition of the three different consumer groups above; assuming that the term of membership in a given community- or populist world by an "insider" is considerably longer than that of a "feeder".

Furthermore, Thompson and Sinha examined the effects of overlapping memberships in different brand communities; something not quite captured by the previous studies by Holt and Muniz & O'Guinn. Surprisingly, they found that higher participation in overlapping brand communities might actually increase the likelihood of adopting products from rival brands (Thompson & Sinha 2008). This is due to factors like broad brand knowledge; and more importantly- overlapping identities (Brown 2000). The existence of such can prove hard to uncover through market surveys but remains something that brand managers must consider nonetheless.

The complexity of the interaction and behaviour of brand communities and the imbedded groups of consumers, entails that in order to be successful over a longer period of time, a company must continuously adapt and shift their associated myths so that the exclusivity of the populist worlds is not forsaken.

5.5 Culture, consumption and the transfer of meanings

It is evident from the description of contextual branding so far, that the theoretical paradigm has abandoned classic assumptions of economical behaviour and Homo Oeconomicus; and that the true value of contextual branding according to Holt, lies in the alignment and transfer of associations, meanings and values between cultural and contextual institutions, the brands and consumers.

Such conceptualization might seem somewhat abstract, in the sense that it offers scarce insight as to *how* such successful transfers take place and *why* such create so immense contributions to the potential value of and loyalty to a brand.

The research by Grant McCracken offers such insight into the mechanics of the underlying factors of contextual branding; the following sections are dedicated to illustrating this.

5.5.1 The significance of culture

"... man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretative one in search of meaning." (Geertz 1973). This quote by Geertz illustrate McCracken's' view on the significance of culture. Whereas Holt's full attention is on the concept of branding, McCracken is concerned with material culture and the relationship between culture and consumption - thereby adding unique complementary knowledge to the framework of cultural and contextual branding.

The general conception of McCracken is; that culture is the lens through which we perceive the world; culture constitutes the world for inhabitants by adding relative cultural categories and significant meaning. He perceives a brand as a bundle of meanings, organized in relation to these categories (McCracken 2005).

The concept of cultural categories is important in understanding the mechanics of contextual branding and transfer of meanings. According to McCracken, each culture creates and defines unique cultural categories, which are then realized and enforced by unique patterns of consumption, e.g. clothing, food and transport etc. (McCracken 1986, 2005). The reason as to why certain objects enforce and define the existence of cultural categories is the concept of meaning transfer.

5.5.2 Meaning Transfer

In the process of justifying the culture of material consumption, Grant McCracken relies on his model of meaning transfer - by which values are transferred from culture to products and from products to consumers. The concept of meaning transfer is not a new one; and the theoretical perspective of McCracken's model is much like that how meanings are transferred in the course of semantic compositions - in the sense that it relies mainly on the notion of "*cognitive linguistics*"

Whether it is culture or words, the transfer of meanings can be summarized as: *"... they enable us to identify one thing in virtue of its relation to another..."*(Nunberg 1995, p. 1).

The general model of cultural meaning transfer presented by McCracken is presented below in fig. 9.

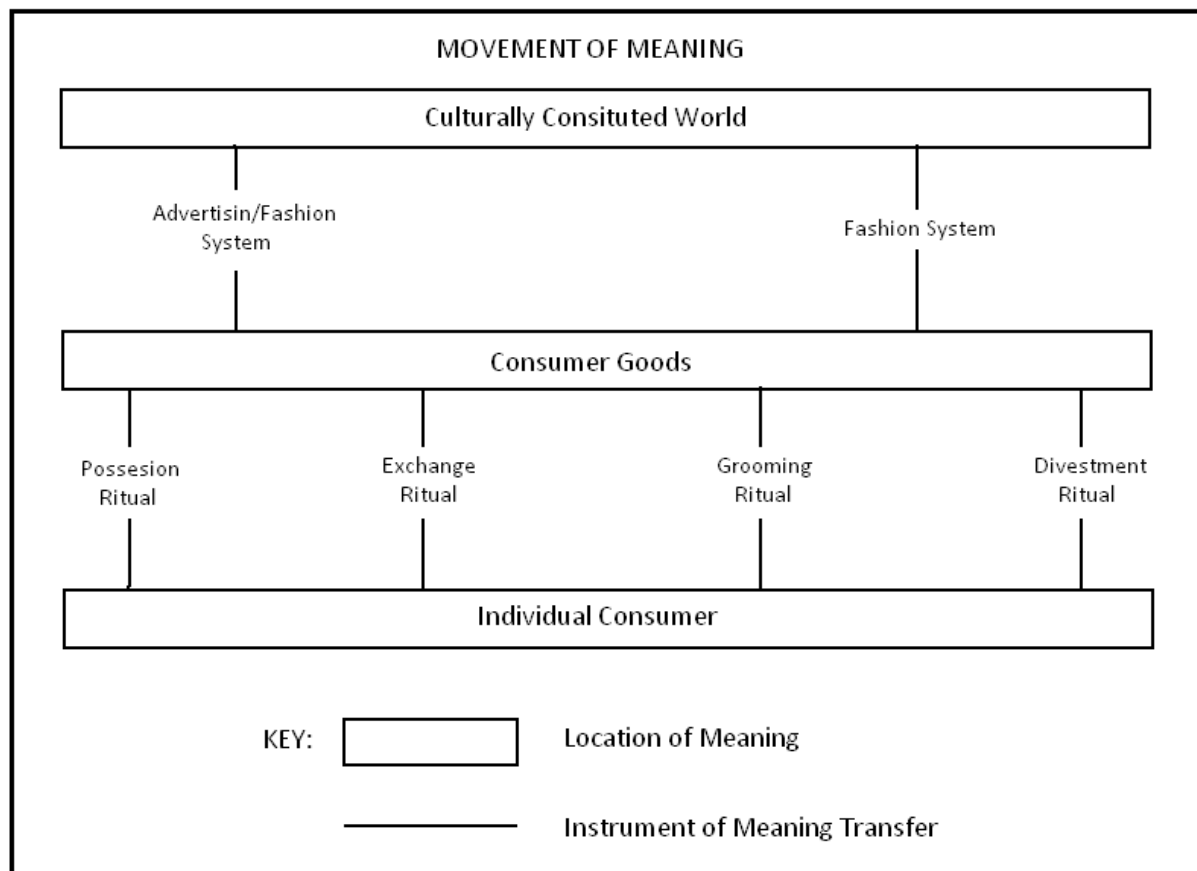


Figure 9, Meaning transfer Model, Source: Adapted from McCracken 1986

As seen above, meaning is transferred from objects by what McCracken denotes as different instruments. The brand or product obtain values from its object or context of choice by advertisement and the use of so-called "*fashion systems*" - a concept proposed by Roland Barthes in the late 1960'ies.

This term explained how, in the fashion world any word could be loaded with idealistic bourgeois emphasis; thus, if a person of admiration or fashion in general express enthusiasm or admiration of a certain item, that item will instantly be accepted and naturalized. Companies can take advantage of such fashion systems which are self-sustaining through time.

The purpose of advertising and market positioning in the theoretical paradigm presented by McCracken is crucial; the sole purpose of advertising is to portray and enforce values rather than traditional product information. This is also evident in McCracken's conceptualization of the two different marketing paradigms, - the information model and meaning model (McCracken 1989, 2005).

The difference between the two is essential and likewise applicable to the general paradigm of contextual branding as presented by Holt. The key points of these two paradigms are seen in table 1 below.

Meaning Model	Information Model
<ul style="list-style-type: none"> • Consumers have cultural projects embedded in contexts • The context is defined by cultural categories • The identity project of consumers is ongoing throughout life • Projects and context are dynamically changing • Cultural meanings in and around products constitute the cultural context of consumption 	<ul style="list-style-type: none"> • Consumer is focused on information and logical decisions • Choice of goods based on rational information assessment • Consumers ignore cultural context • Model ignore the cultural projects of consumers • Is based on benefits and economical rationality

Table 1. Meaning vs. Information model, Source: Adapted from McCracken 1995, 2005 and printed notes from the course: Kontekstuel Branding at CBS.

Having established the importance of meaning, values and identity, it becomes evident that any brand can be charged with any meaning - by which the brand is reduced to an empty marker; much like the status of products in the views of Holt presented in section 5.2. However, the process of endowing a brand with different meanings entails a large array of considerations and limitations regarding *meaning management*.

Managing the meanings of a product or a brand does not only imply the need for control of a dynamic output in the form of an appropriate fit; the sources from which meanings are drawn are equally abundant and complex.

The meaning transfer model imply a complex relationship between consumer and brand - much like that described in general by Holt and Fournier, the latter also express the importance of realizing that the transfer of meanings moves both ways, resulting in confusion of who defines who; the consumer or the brand. The general model as proposed by McCracken assumes a top down perspective - from culture, to product, to consumer. Thompson & Heytko (1997) criticizes the model on this point and argues for a bottom up perspective, by which consumers become active participants in creating and maintaining

cultural meanings; which given the existence and importance of the previously mentioned brand communities seems justifiable.

Having established the vast potential and complexity of meaning management in relation to branding, the task of conceptualization remains; as mentioned previously - and as seen in fig. 11, the transfer of meanings from a contextual object to a given product can be done with advertising. One particular relevant instrument related to this, is celebrity endorsement.

5.5.3 The identity value of celebrity endorsement

"... The argument is that the endorsement process depends on the symbolic properties of the endorser" (McCracken 1989).

McCracken's views on celebrity endorsement are based on social science, and in its core sense it is concerned with explaining why certain endorsers appear persuasive whilst others fail to do so (McCracken 1989, 2005). Hovland & Weiss (1951) suggests that the degree of persuasiveness of an endorser rely on the degree of "*expertness*" and "*trustworthiness*" of the endorser if seen through the eyes of consumers (Hovland & Weiss 1951). In addition to relying on communicational studies; the meaning transfer model of McCracken draws upon the theoretical paradigm of social psychology and the research of McGuire et. al. in which the effectiveness of a given message is defined and scaled according to the attractiveness of the source - given the context for which the symbolic message and meaning is intended.

Applying key points from both the source credibility *and* the source attractiveness models, McCracken presents a complete model of celebrity endorsement and meaning transfer.

Based on the points of meaning transfer covered by this thesis so far; it is tempting to assume that the hardest part of the meaning transfer process is the actual transfer of meanings by use of advertisement and other instruments. Although this might very well be true, the *success* of the brand given this transfer, is dependent on several factors more complex than the simple use of advertisement or identifying and exploiting a given fashion system. One of the most important of such factors or tasks is the identification and deciphering of the entire set of values or meanings associated with an object or a celebrity.

Besides the more simple categories such as demography and lifestyle, the personality is harder to define. Celebrities that are prone to appear in "typecast" roles have public personalities that are easier to define, and the identification of the desired meanings is easier;

hence increasing the endorsement potential of such typecast celebrities (McCracken 2005). An example of such could be Sylvester Stallone, whose public personality given his extreme degree of typecasting, is centred on manhood, strength and the USA. Considering the complex sets of values of celebrities, meaning management implies control of input values as well as output.

5.6 Branding as storytelling

Having illustrated that culturally constituted myths and the transferring of meanings from these are some of the central drivers of contextual branding, this section combines the two - describing how brands can be seen as both the authors and participants of socially and culturally constituted stories.

The notion that brands contain, and are marketed by the use of stories is not new. Salzer-Mörling & Strannegård (2004) describe how such storytelling when viewed traditionally imply the existence of dynamic stories in which the companies or the brand is the sender, and the consumer the receiver. Fog, Budzt and Yakaboylu (2002) illustrate how the composition of such stories is not far from the traditional composition of fairytales, implying 4 elements, *Indented message, fictional story, conflict* and *a cast of roles* (Fog et. al. 2002)

Abandoning the traditional conception of these stories as being static, and implementations of the key points of contextual branding and meaning transfer; it becomes evident that modern consumers seek to become participants of such stories rather than mere recipients.

5.7 Contextual branding - a natural development?

The content of the sections concerning contextual branding above, describes in short the key elements of contextual branding; revealing a complete theoretical paradigm *based* on the concepts of traditional branding but completed and presented by the use of key elements from the theoretical perspectives regarding cultural studies, icons, myths, storytelling, meaning transfer, identity creation and celebrity endorsement; all of which adds to the unique theoretical disposition of contextual branding.

"Since the late 1980s, brands have gained centre stage in marketing and in the managerial discourse. From having been a mere marker that identifies the producer or the origin of a product, the brand is today increasingly becoming the product that is consumed"(Holt 2004)

The quotation above describes this evolution within branding as seen by Holt. Despite the shared consensus of general benefits and the importance of brand management; traditional branding and contextual branding differ in many ways. The ongoing financial crisis offers an excellent opportunity to test if either of the two general theoretical paradigms presented in this thesis so far, proves advantageous.

Traditional branding with its cognitive and logical approach - in which the product still represent an important asset - leveraged by key terms such as brand equity, is opposed by the modern concept of contextual branding, in which the product has little or no importance; what does matter, is the *identity* of the brand.

Is Contextual branding nothing but a natural theoretical development? - In order to asses this; a theoretical comparison must be made.

The following sections seek to compare the strengths and weaknesses of traditional and contextual branding in the light of the financial crisis and the current context, in the attempt to establish a sound theoretical framework for identifying and explaining empirical cases in latter sections.

PART 3

6. Composing the theoretical framework

According to the chosen method and research approach, the purpose of the previous sections was to present a complete theoretical foundation on which a more precise theoretical framework for further analysis could be derived.

Given the scope of this thesis; only a limited number of theories concerning branding were chosen due to their relevance to examining *if* and *how* the brands of some companies perform extraordinarily well during times of cultural disruptions and how such could prove advantageous during times of crisis.

6.1 A General theoretical comparison

Having presented what I consider to be the cornerstones of traditional branding and contextual branding; it becomes evident that solely relying on either of these for further analysis would be disadvantageous and could potentially lead to biased results.

It is not as much a choice of a distinctive theory as it is a choice of perspective.

Is a brand a "lifeless artefact" or indeed a "living entity"?

Hanby (1999) assesses this question assuming similar views as of this thesis, by describing a "classic" conceptualization of a brand, based on the original definitions as presented by the AMA - see quote in section 3.0, and a "new" conceptualization of the term branding assuming the importance of identity and social interaction.

However, he places the views of academics such as Kapferer and Aaker within the new concept of branding (Hanby 1999), whereas I, in previous sections have placed these in the "traditional" theoretical paradigm.

I believe that previous sections have illustrated a difference not only in the concept of a brand, but also the concept of identity. Whereas Aaker might be amongst the first to realize the importance of the identity of brands, it is evident that his views of such are based on a static perception, in which a brand's identity is fixed and maintained throughout time (Aaker 1996; Aaker & Joachimstahler 2002). This is contradictory to the new contextual perspective of branding assumed in this thesis, in which the focus of identity and cultural meanings are defined as being dynamic - and to a greater extent correlated with contextual changes. Hence, the perspective assumed in defining the difference between the perspectives applied in this thesis is closer to those illustrated by Csaba & Bengtsson (2005); by which the identity of a brand is defined as collaboration between brands, companies, contexts and consumers.

Bearing the different ways in which the theoretical paradigms can be defined and separated, a differentiation can be made.

Table 2 below illustrates the differences in perspective by the two different conceptualizations of branding presented in this thesis so far.

	Traditional Branding	Contextual Branding
Theoretical background	<ul style="list-style-type: none"> • Historical theory - physical markers of separation and ownership. • Many theoretical approaches, most of which relate partly to cognitive psychology, and partly to logical/functional decision-making. • Compete in traditional markets • Specific approach addressed in this thesis is focused on customer behaviour and psychology, see section 4 • Focuses on product and/or identity branding from a static perspective. 	<ul style="list-style-type: none"> • Recent theory - studies of the implications of the cultural and contextual identity of branding. • Few theoretical approaches, sociology, cultural studies and psychology. • Compete in myth markets • Focused on customers, however from an identity-based point of view, rather than a logical or behavioural point of view.
Key Concept	<ul style="list-style-type: none"> • Brand Equity - Can be conceptualized and measured by three different theoretical approaches. The cognitive psychology approaches of the CBBE and Aaker framework are focused on defining brand equity as the extra value that consumers associate with a branded product when confronted with an unbranded product. Can be measured and assessed in various ways - depending on the underlying theoretical assumptions, e.g. by product, consumer or financially 	<ul style="list-style-type: none"> • Identity value - Describes to what degree a given brand is perceived as important in relation to the identity of a given consumer. The degree of identity value defines the contextual strength of a brand - ranging from identity brands to full-fledged cultural icons.
Value Proposition	<ul style="list-style-type: none"> • The value reside in the physical markers, primary and secondary associations. • The brand is connected with one or more products, hence the value perceived by consumers is connected with product attributes <i>and</i> brand associations 	<ul style="list-style-type: none"> • The value of contextual branding, resides solely in the meanings, values and myths associated with the brand. • Consumers are not concerned with the attributes of a given product; they care instead for the identity value of a brand, supplying the fuel for their identity projects. • The brand is what the consumers perceive as valuable - <i>not</i> the products <i>backed</i> by brands.
Tools for brand building	<ul style="list-style-type: none"> • Product design • Physical markers and recognition • Co-branding • Brand extensions • Advertising etc. 	<ul style="list-style-type: none"> • Exploitation of cultural briefs, contradictions and trends • Myths and storytelling • Meaning-Transfer • Endorsement • Advertising etc.

Table 2, Theoretical comparison, Source: Own creation

The contents above, illustrates the perceived advantages of the two perspectives described so far. To solely rely on either – or a fixed combination of the two, would be a grave mistake; if corporate history has taught us anything – it would be the need to adapt to the ever changing conditions of competition and consumption.

Furthermore, it is evident from previous sections that the degree to which contextual branding is applicable are highly dependent of the line of business – which is referable to the same conditions surrounding brand extensions within traditional branding. This is kept in mind when analyzing empirical cases in later sections.

Many of the previous sections have been concerned with exemplifying the importance of a focus on context; ironically such a dynamic focus on context will undoubtedly demand new theories and strategies - leaving the ones connected with such a focus obsolete; to brand successfully is *creative destruction* at its best⁸.

The financial crisis of 2008 represents an interesting new context in every aspect; the theories and strategies of contextual branding have never been tested in such an extreme contextual climate.

Since mid 2008, the gaze of researchers, academics and businesses alike has been focused on the topic of financial crisis - a crisis that has been and still is an undeniable reality, regardless of whether the definition of such is in accordance with that of NBER⁹. As it has been the case throughout history, academic research has come up with different reasons for the economic development; theoretical as well as empirical. I believe, that historical studies only offer explanations – not solutions. Many would call such a perspective ludicrous and ask the obvious question: “*how do you know where you are going if you don’t know where you came from?*” The answer to this is simple; “you read the signs along the way; and if you keep looking in your rear mirror you are bound to crash at some point”.

I believe that an ongoing focus on the importance of social, behavioural and psychological aspects of consumption are often neglected or otherwise discarded with regards to the search of explanations and solutions for e.g. the financial crisis.

⁸ A term that describes the way in which new inventions and ideas leave others absolute - amongst which are the one that fuelled such new inventions.

⁹ National bureau of economic research

Economic crises have been - and will always be a potential threat; once again the current crisis has proved that a historical perspective and past solutions does not suffice; nor do they prevent future crises.

Comparing the ongoing financial crisis with the great depression, and trying to compute why instalments and safety regulations such as the Basel I and II did not suffice, provides valuable retrospective information. However, this does not prevent history from repeating itself.

6.2 Consumption is the key

Consumption has been - and always will be the driver for economical growth. Recent developments within this field are interesting in relation to the topic of branding.

It is striking how studies and research concerning the drivers behind consumption has neglected the importance of social and cultural studies (Miller 1995).

The following quotation of Russel W. Belk, describes the way in which marketers have studied consumption throughout history:

“Marketing academics studied consumers as fishermen studies fish rather than as marine biologists might. Within this micro perspective consumer needs were seen as innate rather than socially constructed or marketer influenced, and marketers sought to “hook” consumers by offering a product or service that met these needs better than competitors’ offerings. Thus, the initial consumer research within these marketer departments stressed the objective product and service benefits and did not stray far from the concept of rational economic man” (Belk 1995).

I believe that the description of the historical research of consumption above fits the description of traditional branding - see table 2. Despite being focused on the behaviour of consumers, the traditional perspective seeks to explain tendencies in the behaviour of consumers by applying psychological and behavioural theories focused on the study of the *individual* consumers, rather than realizing the importance of social relations – as contextual branding does.

Applying the previously mentioned studies of McCracken further underlines the importance of consumption, not only by the obvious link with the sales of companies – but equally its importance in defining and deciphering culture. Consumption is no longer a matter of defining and mapping the rational decisions of consumers.

It could be argued that the patterns of consumption in the western world are in line with many of the predictions by Gilmore (1999) of the so-called "experience economy" - assuming that the level of service has peaked, and that the product of the future is the consumer him/herself; in the sense that we will see a greater personal and emotional involvement.

This in my opinion is evident in the current western society. Alternative futuristic views such as "The Dream Society" (Jensen 1999) and "The Entertainment Economy" (Wolf 1999) both illustrate the same tendencies - underlining important developments; some of which were predicted decades earlier - as seen by Levy's assumptions of a noneconomic symbolic consumer (Levy 1959). Consumption; or the value that consuming certain products emanate, has in some cases become the product or reason for consumption in itself (McCracken 2005). Given the close link between consumption and branding – it is only natural that theories and research concerning such, illustrate the same development; represented by the shift from traditional branding towards contextual branding. The table below clearly illustrates how the developments within the studies of consumption are directly transferable to those of branding.

Old Perspective	New Perspective
Positivist <ul style="list-style-type: none"> • Experiments/surveys • Quantitative • A prior theory • Economical/Psychological • Micro/Managerial • Focus on buying • Emphasis on cognition • American 	Non positivist <ul style="list-style-type: none"> • Ethnographies • Qualitative • Emergent theory • Sociological/Anthropological • Macro/Cultural • Focus on consuming • Emphasis on emotion • Multicultural

Table 3, Old and new perspective of research within consumption, source: Russel W. Belk 1995

If compared with table 2 it is evident that many points are directly transferable between the two. However, I find it *even* more interesting that both contextual branding, as well as the new perspective of consumption research, should be considered as natural evolutions of prior theories, rather than replacements or opposing theories. I believe that one of the most dominant factors advocating such developments is the fragmentation of culture and the

importance of symbol over substance supported by researchers such as Harvey (1989), Connor (1989), Miller (1995) and Campbell (1995).

Having established the important relation between new theories of consumption and contextual branding, it is interesting and necessary to examine why - and if a focus on these factors should prove advantageous during a financial crisis.

6.3 The importance of needs and identity

The notion that a strong brand should prove advantageous during crises was - as seen in section 4.1, one of the proclaimed advantages of brand equity. This is a very general assessment - one that I beg to differ.

Upon studying the subject of branding and the major impact it has on the behaviour of consumers, I believe that a general consensus of “traditional branding” is that; it is the *strength* and exposure of a brand that matters - not to the same extend the symbolism and the stories upon which the brand is built. Combining these traditional views with the trends of consumption and the study of such in previous decades, I do not doubt that brands such as McDonalds and GM *have* thrived; but as drastic changes in the context occur- in this case the financial crisis, these industrial giants struggle.

Researchers and academics agree that branding during a financial crisis such as this is a golden opportunity to capture market shares and capitalize on the mistakes of others (Cloonan 2009; Exxon 2009; Hodge 2009). Analyzing why the brands of certain companies have suffered recently further reveals the strength and relevance of contextual branding. The recent history of GM is a shining example of such. Failing to grasp the cultural tendencies of a "greener" and more environmental focus, GM handed its critics and competitors a golden opportunity to compose and take advantage of a cultural contradiction - with GM as the "bad guy" – figure 10 below is an example of such.



Figure 10, Original H2 commercial and critically sketched parody, source: www.Treehuggers.com

I believe that the reason as to why consumers respond harshly to marketing and branding plunders such as that of GM is to be found in the link between consumption and identity. As mentioned in previous sections, contextual branding entails that modern consumers use the values and myths embedded within a brand in the creation of their desired identity; whereas traditional branding was concerned with the material benefits of products. As soon as the financial crisis hit, it instantly became less desirable to be perceived as a "big spender" or a "luxury addict" (Washington & Miller 2010).

Consumers being able to change their desired identity through consumption further add to the tempo by which the context surrounding companies change - making it harder for traditional brands based on physical markers and a "steady state" history to adapt. Major cultural disruptions like the current financial crisis impose a vast amount of cultural contradictions on which an adaptive brand could latch itself and create desired myths.

Every single aspect of contextual branding covered by this thesis so far underlines the importance of identity in branding. The exact reasons as to why the link between branding and identity in times of crisis is so important, has in my opinion never been examined. Empirical or academic studies of prior crises offer little or no help, given the fact that patterns of consumptions and contextual factors change immensely over time. To understand *why*, and to retrieve valuable information for future recommendations, I believe that the focus must be turned towards the basic needs and anxieties of consumers.

Throughout time, countless theories have sought to define the needs of consumers; one of those often used, is the hierarchy of needs - originally defined by Abraham Maslow in 1943.

Assuming the importance of context, the exact hierarchy of needs within this model must have been highly influenced by the context of 1943. The thought of war and fear of self-

preservation must have been a prominent factor in the minds of most people at the time; resulting in the original hierarchy as perceived by Maslow as seen in fig. 11

I believe that the different basic needs have been preserved, but that the *order* in which they are represented in the hierarchy have changed tremendously. If looked at "upside down", the hierarchy of needs shows an interesting - and to some extend exact development, see fig. 11 below.

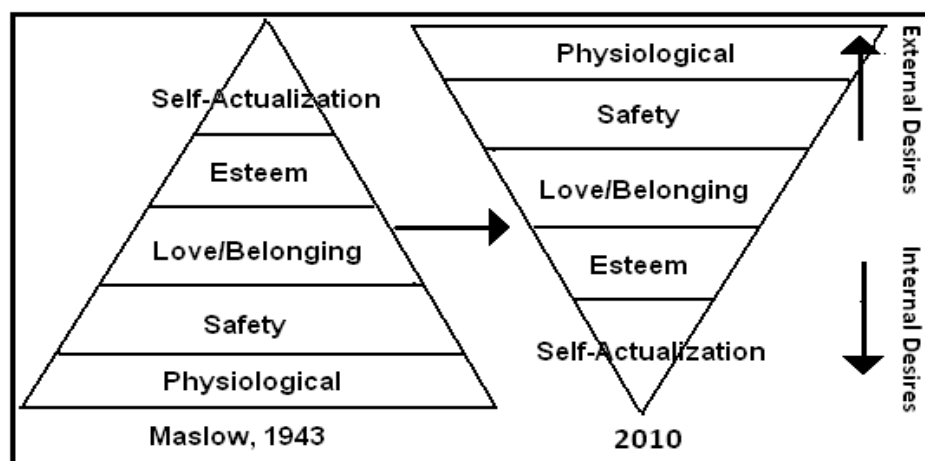


Fig. 11 Original and reverse Hierarchy of Needs, Source: Original Hierachy from Maslow (1943), reverse hierarchy by own inspiration

Originally, the most basic needs that were to be fulfilled were those of physiological well-being and safety. The generation of consumers in the western world today has never experienced famine or any threat upon their psychical being (Barney 2004). They have however seen and experienced economic growth and an increased focus on external appearance. Prior roles of gender, class and personal limits seem to have been broken down by a world in which people can become whoever they desire - or rather whoever the society desire (McCracken 2005; Holt 2004; Miller 2005). To further illustrate the intended point of this section, I have chosen to divide the "new" hierarchy into external and internal desires. Furthermore, Diener (2009) describes how the needs of people in financially poorer and collectivistic cultures are centred on financial and physical safety, whereas those of rich and individualistic cultures such as those in the western world are focused on self-esteem and self-actualization (McCracken 2005; Diener 2009) - as shown in the reverse hierarchy.

An important aspect that has influenced the developments in consumption and the needs of consumers is the importance and emergence of social networks. This trend is seen everywhere, and are by some described as the network society (Barney 2004; Kelly 2009; Boches 2009). Section 5.4.4 described how the complicated social structure of populist worlds and brand communities plays important roles in the theoretical framework of

contextual branding. It is clear that applied strategies of branding must grasp such important social developments; traditional branding, despite emphasizing the fact that social relations is important, does not provide instructions nor insights as to how the construction or design of social networks surrounding the brand influence the choice of strategies; contextual branding does.

6.4 The financial crisis - a contextual amplifier

As the reader might have noticed, the description and evaluation of the old and new theoretical imperative of branding in the sections above, is to a great extent focused on basic developments in context rather than assessments derived directly from developments due to the financial crisis. There are several reasons for this.

Context and cultural briefs are results of cultural disruptions. Although the present context may be defined by a financial crisis, the context of tomorrow remains uncertain - things will change. Based on previous sections and the described tendencies and developments within consumption, needs and the society in general - it is evident that a focus on contextual rather than traditional branding would prove advantageous under most modern contexts.

The theories of contextual branding advocate a dynamic focus, whilst the *tools* of contextual branding might be focused on stationary cultural briefs. How the tools and specific myths should be applied during a financial crisis, are addressed in later sections using relevant cases; hence, the purpose here is to show that a financial crisis is no different from any other cultural disruption, and that the contextual branding framework is by far the best suited for handling such.

Based on the sections so far, it can therefore be assumed that the context of a financial crisis should be treated theoretically no different than any other context. However, I believe that the trends of the current crisis act as a “contextual amplifier”, in the sense, that the difference between cultural contradictions and populist worlds has become more sharply drawn.

An example of this is the instant rebellion against excessively paid executives, greedy bankers and financial speculators when the crisis hit - these were instantly recognized by many as being the root of all evil. This definition of good and bad suddenly became clear after years in which the general public blindly accepted such out of happy ignorance.

Following the general resentment of corporate giants and their executives, came a general wish for sustainability, not only financially but also environmental - an example of which is the recent global uproar against BP and the astounding amount of cases of “greenwashing”. The contextual developments might have occurred with the lack of a financial crisis; but I believe that the developments within consumption, needs and social behaviour described in the sections above, offers plausible explanation as to why cultural reactions have been so severe; in the face of external uncertainty, consumers and society alike seek internal stability. This might seem like a bold statement, but I believe that the theoretical evidence presented so far, offers plausible and sufficient evidence.

Combining the theoretical key points covered by this thesis with the developments described in these sections, it becomes evident that the theoretical foundation by which empirical cases are analyzed in the following sections, are based mainly on elements of contextual branding. However, seeing as previous sections illustrated that the contents of this theoretical perspective is built upon concepts from the traditional branding framework and other theories; the presence of others perspectives is evident in these sections; the static conceptions of traditional corporate branding, are mixed with the dynamic, iconic and cultural aspects of contextual branding *and* theories of consumption & context.

The following sections seek to analyze and describe how the brand of the British company Virgin, by applying the techniques and principles of contextual branding *have* and *will* perform, based on historical cases and the construction of future recommendations based on the current contextual environment.

PART 4

7. The Case of Virgin and British Airlines

The historical analysis and description of Virgin has been constructed with a contextual focus rather than that of a traditional corporate history description. Furthermore, I seek to illustrate how past strategies - clearly transferable to core elements of branding has had a significant role in the ongoing commercial "battle" between Virgin Atlantic and British Airlines.

On the basis of these empirical analyses and the theoretical discussions in past sections, the latter sections of this thesis will look at the current context, and seek to produce general

theoretical conclusions and specific recommendations as to how Virgin could grasp and exploit emerging contextual trends.

7.1 Virgin and the cultural context from 1970 to 1990

It has been more than 40 years since Richard Branson founded what was later to become the business empire of Virgin - a conglomerate with more than 200 registered companies (Datamonitor 2009), whose financial results and management disposition have been the subject of much debate and speculation. Despite such speculation and the ongoing discussion concerning the radical styles by which Richard Branson leads this company; it is an undeniable fact that Virgin remains one of the strongest and most trendsetting European brands.

The purpose of these sections is not to describe or discuss internal organizational aspects of Virgin - but instead to illustrate how contextual changes and cultural trends have made the emergence of such a brand possible; a brand that since the 1970'ies has been under constant pressure and growth, two aspects that still dominate the brand in 2010.

7.1.1 Love, Peace & Harmony and Richard Branson

Virgin was founded by Richard Branson in 1968 (Virgin History), and as later sections will illustrate - their stories are inseparable. Branson was a 17 year old high school dropout from the local Stowe Private School when he decided to start the magazine *Student* (Grant 2008). This quickly became a success, as it aligned with the expressionistic values associated with the many minority groups in the late 1960'ies.

Examining the context at the time reveals sharp developments in the cultural context around 1965 - which are referable to the term of cultural disruptions; one of which came in the form of a rather drastic increase in wealth in the western world triggered by growth throughout the 1950'ies and 1960'ies (McGraw 1997). This resulted in an increase in the rate of education and political interest. This newfound knowledge, and the freedom to express it, resulted in the occurrence of a great number of "grassroots groups"; through these groups, the youth had found a way to express themselves. They shared a common agenda defined by rebellion, a general critique of institutions of authority, the Vietnam War and capitalism.

The rest of Britain was at the time under the influence of strong conservative values, which in return was challenged by such an increasing rebellious youth (Grant 2008). It was within this exact context that entrepreneurs like Richard Branson found a market opportunity. Having

studied the contextual settings through the lens of contextual branding; it becomes evident why.

Firstly, the context at the time was defined by at least two major cultural disruptions, the first being the sudden increase in wealth and the second being the occurrence of War. The effects that the latter of the two had on the contextual environment and the mindset of consumers was severe which evidently resulted in the existence of drastic cultural contradictions - one important ingredient for successful contextual branding and the creation of myths.

Secondly, the cultural disruptions and the related cultural contradictions resulted in the existence of two major populist worlds in Britain. On one hand was the established wealthy Britain that had experienced, survived and risen from the Second World War - defined by conservative values and traditions. On the other hand was the youth, which had been born *after* the Second World War in safe surroundings. These shared a love for freedom and harmony but a severe dislike of authority and capitalistic values (McGraw 1997). The contextual framework at the time is illustrated below by the use of theoretical terms of contextual branding.

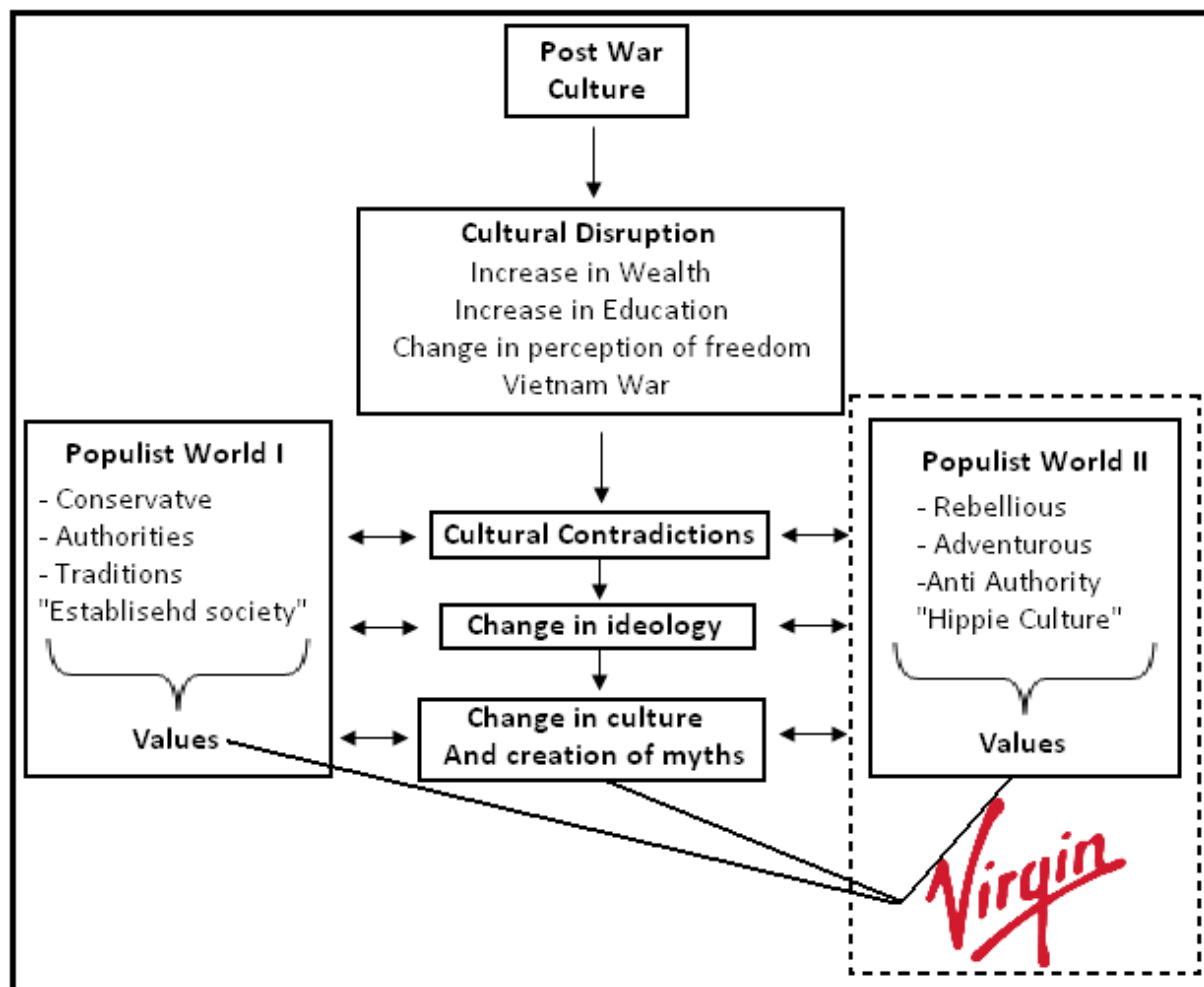


Fig 12 The cultural developments at the time of the creation of Virgin seen through a contextual branding perspective, source: own creation.

In an interview on BBC News (2006), Bransons explains that he through "anti-Vietnam War" groups realized the urgent need for a magazine, by which the youth could express their opinions. The magazine related to the disrespectful and anti authorial youth, and included articles revolving around subjects such as sex, rock music and interviews with terrorists (Grant 2008).

It is obvious, that Branson quickly grasped that the mentality of the British youth was changing, and that this was a determining factor in the choice to start his first business.

This composition meant that the content and meanings displayed in this magazine was a determining factor in the creation of the desired identity of many youths. When applying theoretical elements of brand communities and the structure of populist worlds, it becomes evident why "Student" achieved a unique position and loyal readers. Given Branson's untraditional background and his influence on the contents of the magazine, he was seen as an authentic part of the general youth movement at the time - which due to elements of

endorsement resulted in the general accept of "Student". Furthermore, the magazine was a perfect way for the feeders and followers to tap into the general populist world. In return, the core of the populist world – the insiders basked in the attention that they got from the feeders and followers through the magazine.

Abandoning the case of student, the next entrepreneurial adventure of Richard Branson was Virgin Records, a record company. This once again enabled Branson to express specific values and meaning through his choice of artists and what to publish. Given the fact that the record business and the magazine business are closely related, Branson was able to extend the brand across industries, providing Virgin Records with the brand extensions of *Student* and the powerful and authentic endorsement of Richard Branson.

Following the opening of the first Virgin records location in 1971 in Oxford Street, London; came a record studio in 1972 and a Sex Pistols album in 1977 (Virgin History). It is evident that Virgin Records followed the example of *Student* and tapped into the same contextual framework as illustrated in fig. 12.

After the success of his first entrepreneurial adventures, Richard Branson was eventually seen as a prominent figure - a new type of entrepreneur, which opposed to his capitalistic counterparts, was able to build a lucrative business on a market ironically based on a populist world defined by rebellion and anti-capitalism.

These early developments founded the commercial giant later known as Virgin, and it was from the start clear, that Richard Branson was the common denominator– a “contextual decoder”.

7.1.2 IPO's, LBO's & MBO's and Robin Hood

As it was the case throughout the 1970'ies, Richard Branson successfully applied a contextual role in the 1980'ies - this time in the role as the "*underdog*"; proclaiming to fight for superior "value for the money" and a good service (Altman 2009). Previously he and Virgin had been contextually positioned as parts of a minority; however, being a part of a rebellious youth would no longer suffice if the iconic status amongst an increasing amount of fragmented groups of consumers was to be preserved.

The increase in the related groups of consumers surrounding Virgin was a direct result of an increasing number of Virgin companies - and the diverse activities of these. Realizing this;

Branson was able to use his previous authenticity as a rebel to change the contextual role of Virgin and his perceived identity as the “underdog” and “Robin Hood of capitalism”.

Throughout the 1970'ies and 80'ies the industrial occupation in Britain experienced a sharp decline due to the ever increasing competition from Asia and the rest of the industrialized world (McGraw 1997). In 1979 this resulted in the election of Prime Minister Margaret Thatcher, whose conservative values and economic perception was in line with economists like Adam Smith (McGraw 1997; Adamsmith.org). The election of this new prime minister was followed by an instant increase in the number of financial institutions and a capitalistic mindset - which at the time was dominating most western economies.

It was within this context that Virgin and Branson took a central role in the centre of a prominent cultural contradiction as the social capitalist, or as put by Grant 2008 - *the friendly face of capitalism*.

The most trendsetting move by Richard Branson during this time was to launch Virgin Atlantic in 1984 with the sole purpose of challenging the giant British Airways (Virgin History); a move that was in perfect unison with the assumed role of *underdog*. The specific case of Virgin Atlantic and British Airways is analyzed in later sections. Virgin Atlantic became a financial success, and is despite scarce published financial data still considered as the financial flagship of the Virgin Corporation (Grant 2008).

In the description of Virgin and Branson throughout the 1970'ies, the focus was on illustrating how the contextual positioning by The Virgin brand and Branson fit flawlessly with the contextual framework capturing a cultural contradiction, tapping into populist worlds and thereby creating the myths that founded Virgin brand. The same could be said for the developments in the 1980'ies. However, this section seeks to illustrate how the contextual strategies applied by Branson in the 1980'ies are directly transferable to another important aspect of contextual branding – the aspect of storytelling.

Bearing in mind that storytelling and the creation of myths are important elements by which companies and icons can be contextually branded, it is evident that the case of Virgin is a prime example of such instruments at work.

Assuming the storytelling perspective as proposed by Fog (2002), it is possible to analyze the case of Virgin in the 1980'ies with respect to defining the roles of the different contextual participants.

Figure 16 and the following bulletins illustrate the original composition of roles in the classic storytelling model as well as how the case of Virgin during the 1980'ies could be interpreted within this paradigm.



Figure 13, Storytelling model by Fog et. al. applied to the case of Virgin, Source: Fog ,Budtz & Yakaboylu 2002 - applied to virgin by own creation

- The overall *goal* of Virgin was to be seen as a vanguard of fair competition - protecting the consumers from industrial giants and bad service.
- The *evil opponent* in the contextual framework at the time was undoubtedly British Airways with whom Virgin fought a commercial battle at the time.
- Richard Branson is defined as the *hero* and *provider*, whereas Virgin is defined as the helper.

This distribution of roles is however highly dependent on the perspective by which the context and the brand of Virgin is perceived. The choice of placing Richard Branson in the centre is solely based on the fact that since the origin of Virgin, Richard Branson and the company Virgin had been inseparable; which raises the question of to who the brand is attached the most? - A question addressed in later sections. The exact distribution of roles between Branson and Virgin is in this case irrelevant; in fact, such confusion of brand origin only further underlines the extend by which Branson and Virgin was successful in transferring meanings and the endorsement process.

The contextual history of Virgin presented so far, clearly illustrates that they quickly realized that the identity of a brand is as important as the attributes of the product itself. However, the degree to which the identity of Virgin changed during these two decades aligns with the dynamic conception of contextual branding rather than the static perception of identity applied in the traditional framework.

Besides the clearly transferable aspect of storytelling, Virgin and Branson evidently tapped into and exploited the British national ideology and its associated myths.

Elements of the classic fight between David and Goliath are evident in many traditional British myths e.g. Robin Hood and the story of King Arthur. However, as time progressed towards the late 1980'ies and mid 1990'ies, the Virgin Empire expanded rapidly - partly due to the trend of privatization of public services in Britain (Grant 2008). Thus, this inevitably also increased the amount of the different lines of businesses in which Virgin was involved. This forced the brand of Virgin and Branson had to reevaluate what myths and stories they were to be associated with in order to successfully extend the brand and stay authentic given the contextual surroundings.

7.1.3 Defragmentation and slackers

As mentioned in previous sections, the context and cultural settings in Britain were influenced by strong conservative ideals and capitalistic values during the 1980'ies. But in 1997 the conservative leader of John Major lost the election by one of the biggest defeats in the history of Britain; and the New Labour party led by Tony Blair rose to power (The Economist 1997).

The change in the political climate illustrated a general cultural change in Britain during the 1990'ies, Branson and Virgin could no longer thrive on fighting the values of a dominant ideology, as this would be seen as contradictive and at worst - leave the brand unauthentic.

They had to come up with a way to communicate with new markets *without* abandoning the values by which they were perceived as guardians during the 1970'ies and 1980'ies

In the aftermath of the strong capitalistic focus of the 1980'ies, people in Britain began to realize that the glamorous life they had imagined was not as attainable as first assumed. The globalization had the effect that the employed people of Britain began to feel a pressure on their job and the size of their paychecks - which in return spurred the general conception that *work is a joke* (Holt 2004; McGraw 1997). Branson and Virgin were quick to grasp the

potential of this cultural disruption and the associated cultural contradictions; once again Branson was able to use his prior roles and authenticity.

Whereas the two sections above illustrate the clever use of cultural institutions (populist worlds etc.) and storytelling, this section is focused on analyzing important aspects of the endorsement process in the case of Virgin.

May 2. 1999, Richard Branson appeared as a special guest-star in The Simpsons (the TV show) - in which he plays a rich businessman who gives one dollar to each customer; during the episode he teaches Homer that: *"to be loved, you have to be nice to people, every day, but to be hated, you don't have to do squat"* (The Simpsons Archive 2010). If anything, The Simpsons is a perfect portrait of the "slacker" values - a life in which the importance of job and financial security is dwarfed by the importance of enjoying the adventures of life. Branson's appearance in The Simpsons is a perfect example of how Branson accumulate and gather desirable meanings during this period. He frequently participated in different extreme sports and stunts - which due to the careless nature constituted the second adventurous part of the so-called "slacker myth".

By this time, Virgin and Branson are inseparable in eyes of the consumers, resulting in the instant transfer of meanings from Branson to Virgin. Analyzing this process from the theoretical viewpoints of meaning transfer illustrated in earlier sections, the following paradigm can be drawn.

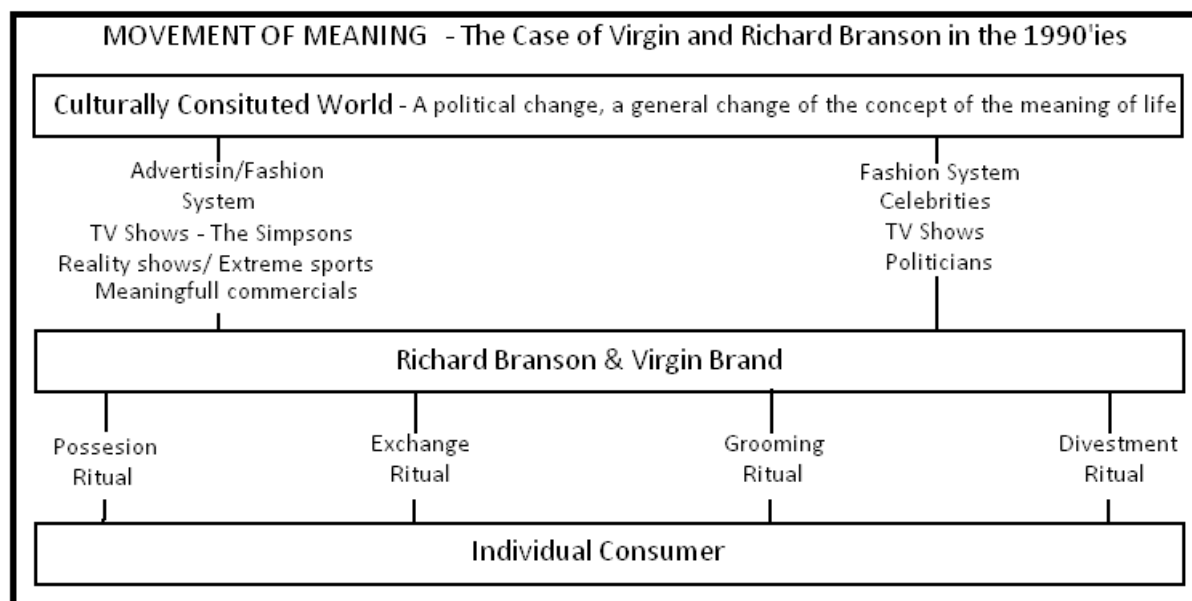


Figure 14, The transfer of meanings in the case of Virgin during 1990'ies, source: Own creation using the framework of McCracken 2005

The presentation above is obviously based on a top down perspective as proposed by McCracken, but as in the other analyses above - other analytical perspectives can be assumed. Whether the *source credibility* or the *source attractiveness* model is applied, it is evident that the background of Branson and the previous myths and stories associated with Virgin provide a solid foundation for credibility and authenticity.

During this period Virgin was not the only company focusing on the so-called *slacker myth*; other companies such as Mountain Dew & Budweiser were equally aiming at representing and symbolizing this certain segment. This is further testament to the fact that companies compete on myth markets rather than on their actual products. In appendix 2a Virgin commercial from 1997 is summarized and illustrated as well as the "Simpsons" version of Richard Branson.

What separates the case of Virgin from other interesting companies is that Branson once again became the rally point and the all-determining icon on which the Virgin brand was built - as he had been during previous decades.

7.1.4 Summarizing the contextual history of Virgin

It is evident that the Brand of Virgin since its origin has been under constant development with respect to contextual and cultural changes. The case of Virgin illustrates most if not all the key theoretical points from traditional branding as well as contextual branding.

The brand has had one unique denominator - Richard Branson. It is remarkable how the personality of Branson has been the main element of success across 3 decades, 3 different cultural myths and an astounding amount of different lines of businesses.

At first this intense relationship might seem like a very successful example of celebrity endorsement, in which the perfect fit is a mere result of a good combination of source attractiveness and source credibility. However, to accredit the unnatural relationship to simple endorsement would in my opinion be a mistake.

The effect of Branson is not just visible from an external point of view; his influence is seen everywhere *within* the Virgin organization, everywhere from the organizational structure, management philosophy and financial strategy.

It is also evident from the previous sections that the branding strategies of Virgin and Branson have been successful; but analyzing historical events by use of theoretical hindsight does not provide much evidence as to whether or not the brand of Virgin by applying techniques of contextual branding have performed *significantly* better than other companies. In order to analyse if this is indeed the case, the following sections will analyze the empirical case of the commercial war between Virgin Atlantic and British Airways - two companies within the same line of business but with radically different approaches as to how such should be conducted. These will, combined with the contents of previous theoretical sections compose the theoretical and empirical background for assessment of current and future branding strategies.

8. Virgin and British Airways

This section aims to illustrate how principles of cultural and contextual branding applied by Virgin and Richard Branson was evident in one of the most famous commercial disputes of Britain - the case of Virgin Atlantic vs. British Airways. The following sections seek to describe this feud as objectively as possible; and the later illustrates how Virgin used the contents and outcome of this feud actively in its commercial campaigns during the 1990'ies.

The story of the Virgin and BA feud has all the contents of a well written drama, from allegations of the use of private investigators lurking in trash bins, to so called “passenger poaching” in airport terminals. The affair started in 1992 by allegations made by Richard Branson, that British Airways was using dirty tricks and trying to run Virgin Atlantic out of business (Gregory 2000). Given the degree of public attention that Branson basked in at the time, the case soon became public. Branson's allegations were based on the notion that the corporate giant BA - the biggest British transatlantic airline at the time, were trying to squeeze the small rebellious airline Virgin Atlantic; a story that conveniently matched the myths of virgin described in sections 7.1.1 – 7.1.3. However, allegations by BA against Virgin were also made. The lawsuits ended with the ruling, that Lord King (CEO of BA) and BA were due to pay Virgin Atlantic 610.000 £ in damages done and the sum of 4.500.000 £ in libel costs - the biggest corporate settlement in Britain at the time (Gregory 2000).

8.1 The King is slain

The analysis of the branding strategies of Virgin Atlantic and BA has its historical offset in 1992. BA had thrived during the years of the capitalistic Thatcher government, and was by far Britain's largest airline with 241 aircrafts serving 165 different routes. By comparison, Virgin was insignificant with just 13 aircrafts and 7 routes (.ipa.co.uk 2010)

Hence, the overall competitive framework surrounding Virgin and BA fit flawlessly with the myth and image of Virgin as King David trying to defeat the giant Goliath. If a glance is cast at the difference in size between the marketing budgets of the two, this becomes even more

apparent. Figure 15 illustrate the budgets of media expenditure of the two companies. On average BA spend 4 times as much as Virgin during the 15 year period. Applying traditional branding techniques, such a massive public exposure should lead to an increase of brand awareness and thereby the brand equity; but the

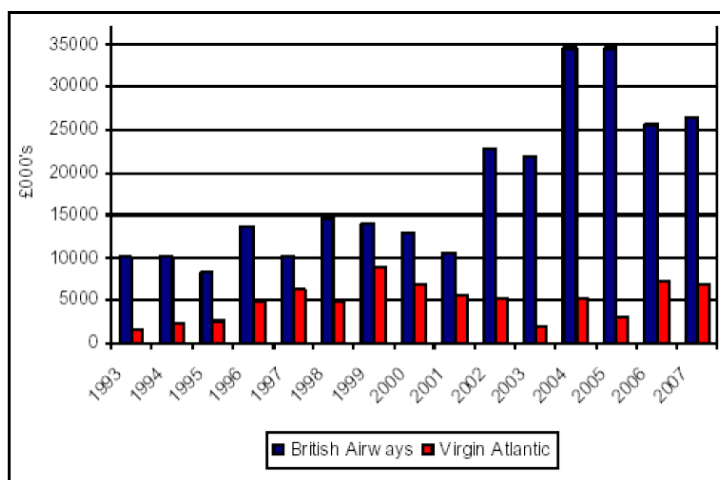


Fig 15 -- The media budget of Virgin and BA, Source: MMS 2008

developments in the strength of the two brands during this time tell a different story.

The BAV approach has been used to construct the results in fig. 16; that clearly shows how the brand of Virgin has surpassed that of BA in all 6 chosen variables. Furthermore, the progress of the Virgin brand is most significant in the categories of "up to date" and "fun" - which are two of the values of Branson and Virgin described in earlier sections.

Where many seek to explain these developments by the clever use of advertising I apply the scope of contextual branding.

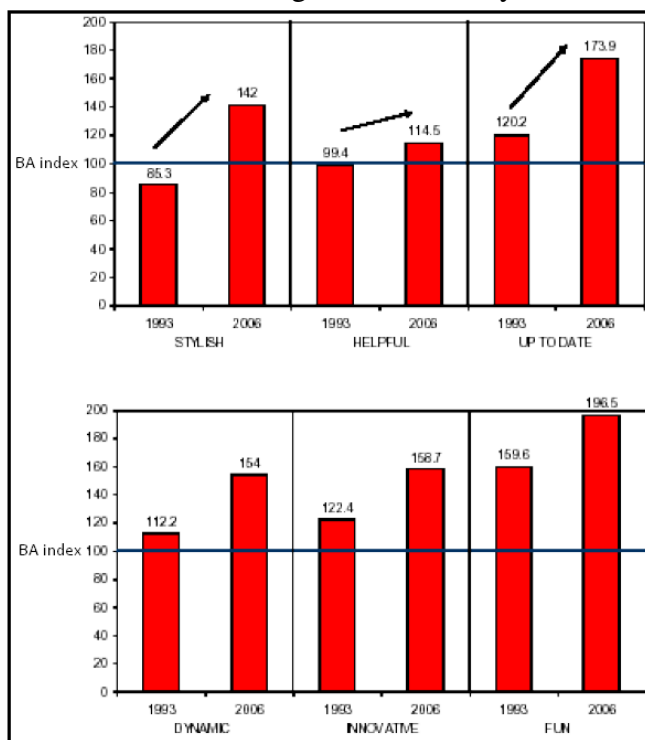


Fig 16 - Developments in BAV of Virgin against BA index, Source: MMS 2008, BAV 2008

The most precious asset in the marketing of BA was its enormous budget; that of Virgin Atlantic was the personality of its founder Richard Branson. The commercial strategy of BA, was during this period based on traditional campaigns; whereas that of Virgin was based on the iconic status of Branson - who enjoyed such a degree of publicity that the story of him crashing his powerboat short of its destination across the Atlantic Ocean in 1995 stole the front page.

Analyses of the overall commercial strategy of Virgin Atlantic in the early years, could advantageously be assessed with two perspectives; a creative perspective and a media perspective.

If the creative perspective is analysed, it becomes evident that Virgin Atlantic realized from the start, that the great variety of messages that needed to be communicated to an even wider base of customers and regions of a air transport company required that the creative focus was on applying a overall attitude – or a general tone rather than a number of single creative ideas. This creative strategy was hereafter reflected in the media strategy of Virgin Atlantic. Besides the exuberant *and* public personality of Branson who continuously promoted Virgin through his private and public escapades, Virgin Atlantic sought to underline and strengthen the values and meanings of Branson in their commercials and advertising. Alternative casts for

ads were chosen – amongst who were: Helen Mirren, Terence Stamp, Iggy Pop, Miss Piggy, Alice Cooper and the Wright brothers. By choosing to incorporate such unconventional creative ideas in their media approach, Virgin Atlantic was set apart from the rest of the air transport industry - actively using and enforcing the cultural contradictions and the different populist worlds at the time, and aiding the myth of Virgin by paying ode to the original values of Richard Branson and Virgin. More Virgin commercials are placed in appendix 3.

8.1.1 Stealing and positioning the brand of BA

At first glance, the case of Virgin and British Airways might seem like a classic case of a commercial battle in which the marketing activities of either part proved better than that of the other. But if the battle is analyzed by the theoretical paradigm presented in this thesis - another conclusion can be drawn. The following will illustrate how Virgin was able to "steal" significant value from the brand of BA, by actively positioning BA in the authentic myths of Virgin.

The following analysis and the theoretical proceedings are described is illustrated in appendix 4, and should be reviewed whilst reading these sections. I believe that the contextual framework surrounding the airline business can be aggregated into two general populist worlds.

The first is defined as being represented by people that primarily travel by plane for pleasure, vacation or adventure. The values of this were at the time in line with the values connected with the slacker myth of Virgin see section 7.1.3. The TV commercial in appendix 2 clearly shows that the intended audience could be found within this segment/populist world.

The second populist world was represented by people travelling for business reasons, and the values that were imbedded within this populist world was - as seen in the framework in appendix 4 connected with luxury, formality, "propper" and capitalistic. The ad by British Airways in appendix 5 clearly illustrates this perspective.

It is evident that Virgin and BA were aligned with two very different populist worlds, that to some extent were perceived as contradictory. Furthermore, the two populist worlds equally portrayed many of the values of the two major national identities at the time.

Despite the contradictory nature of the two companies and the populist worlds in which they were seen as authentic - a substantial degree of affiliation due to industry competition was evident.

Following the associated values of the populist worlds and of the brands; two distinctive myths can be defined. That of Virgin was the "*slacker myth*" described in section 7.1.3; and that of BA was what I have chosen to define as: "*The professional myth*". The cultural contradiction that these two myths impose is apparent.

It is evident that Virgin and BA competed on both product - and myth market; a scenario that BA seemed to be winning until the time of the "*Dirty tricks affair*" (Gregory 2000)

The contradictory myths and cultural categories resulted in a "war" of brands in 1992 with the "*dirty tricks affair*". The amount of attention that this received from the media and the general cultural institutions caused it to be blown into proportions resembling those of a small cultural disruption. As theories of contextual branding prescribe, such cultural disruptions should be taken advantage of – which was exactly what Branson and Virgin did. First, they pursued legal action; thereby fighting BA in an arena that the consumers within populist world II could identify with; hence when Virgins claims were acknowledged these were perceived as authentic by the constituencies within populist world II. Furthermore, as the actions by BA was in sharp contrast to the values of this populist world BA's degree of authenticity and attractiveness was decreased as a result.

If summarized, it is evident that the dirty trick affair strengthened Virgins brand position within the "slacker myth" *as well* as within "the professional myth"; grasping this, Virgin instantly used the incident in their marketing programme – see appendix 2b, 2c and 3.

Previous sections described how companies by the use of co-branding and brand extensions can transfer brand value/equity from one brand to another; such co-branding usually comes in the form of collaboration. However, I believe that the case of Virgin vs. BA is a prime example of involuntary co-branding (if seen from the perspective of BA). Virgin used the deteriorating values of the brand of BA to strengthen the brand of Virgin.

The fact that Virgin was winning immensely on the myth market, resulted in the fact that the brand of Virgin was involved in two previously contradictory myths. In order to gain and preserve authenticity in both of these, they imposed a slight shift in their branding strategy as well as their product strategy. More emphasis was put on luxury and elements of business – see appendix 2 c. One example of such is that when BA announced the introduction of beds in

business class, Virgin announced the introduction of double beds (BBC 1999), the introduction of onboard massage and chauffeurs to and from airports, see appendix 2 b and 3.

The developments in *and* after the “*dirty tricks affair*” all enabled Virgin to actively take over the positioning of BA in the different myths and place them in the role as the bad guy – see section 7.1.2. Whilst BA might have been using dirty tricks in their business techniques; Virgin used “dirty” tricks in “brandjacking” the brand of BA - by the use of elements from traditional branding as well as clever use of context, culture, elements of contextual branding and meaning transfer.

9. Conclusions from theory and case material

Sections 6.1-6.4 analyzed the two main theoretical perspectives presented in previous chapters, and it was evident that the theoretical assessment concerning the choice of an advantageous theory was not as much a matter of pure theoretical choice as it was a choice of perspective. It was equally evident that theories of contextual branding were to be perceived as a natural evolvement of branding theories - rather than an opposing theoretical perspective. The theoretical perspective assumed in analyzing the case of Virgin and the case of Virgin vs. BA was therefore based on a choice of perspective and assumptions rather than theory. Amongst which were the dynamic identity focus, the importance of the perception of identity, developments in consumption and consumer behaviour as well as major developments in the cultural and contextual framework.

To test if the perspective that from a theoretical point of view seemed advantageous indeed was, the history of the brand of Virgin was analyzed.

The brand was analyzed over 3 major eras during which traditional branding methods were popular. The brand of Virgin had indeed been successful, and it turned out that the concepts of contextual branding offered plausible and exact explanations to this success. The question of causation still remains; was this a result of Virgin and Branson being ahead of time? or was it due to coincidence and/or biased hindsight. In order to get a relative perspective on the performance of the Virgin brand, the case of Virgin vs. British Airways was analyzed.

This case illustrated how concepts of contextual branding could be traced to the degree of “textbook performance”. Virgin had in the commercial battle with BA effectively constituted myths, a dynamic identity, effective endorsement and the composition of stories and myths

involving competitors; in other words, it was evident that Virgin had realized that they were competing on a so-called myth market and composed their brand and strategy thereafter - products were requisites used to achieve the desired fit and authenticity.

As I proclaimed in previous sections, hindsight and historical descriptions offers explanatory value, not solutions. The proceeding sections will seek to provide solutions; once again assuming the example of Virgin, these will seek to describe how the brand of Virgin should be handled - given the current context. Findings will then be assessed from a general perspective given the nature of this thesis.

9.1 Virgin - Current and future brand analysis

The historical analysis of the brand of Virgin revealed how the company of Virgin and its brand has evolved immensely throughout time. Regardless, the company and the brand has been defined by *one* unique aspect across the different periods - Richard Branson.

Doubt has however been evident during the last couple of years as to whether or not Branson and Virgin has lost their "touch"; the company and brand of Virgin has on several occasions been the target of critique within a number of areas in which their position has never been questioned. Such critique has been centred on aspects such as the financial health of Virgin and Branson (Grant 2008), the previously prizewinning customer service, speculations of the use of dirty tricks (telegraph.co.uk 2010) and a general deterioration of the brand of virgin (Grant 2008; telegraph.co.uk 2007; Osborne 2007).

The recent trouble can by applying the concepts of previous sectioned be aggregated into three separate parts: The man Richard Branson, The company and The Context; each of which are briefly analyzed below with respects to the recent critique.

9.1.1 The Man

It was established numerous times in this thesis that the personality of Richard Branson evolved into iconic status fairly fast - thereby becoming the most important marketing tool of Virgin. The constant changing aspects of Branson's personality turned out to be important in achieving the needed dynamics in the myths and brand of Virgin through endorsement and meaning transfer.

Besides the obvious importance of Branson's personality, it was evident that the iconic traits he possessed had its roots in his genuine personality - hence making it sustainable throughout time. His first entrepreneurial adventure "Student" - founded 42 years ago perfectly portrayed his personality - and that fit has been a trademark until now.

As time changes so does the identity of the consumers. Furthermore, it was established how patterns and the reasoning behind consumption has changed. I believe, that it must be taken into consideration, that the generations of consumers that experienced Branson and Virgin during the three periods described within sections 7.1.1-7.1.3 are still affected in their current assessment of Branson. If these periods are taken out of account, and if only the current identity and fit of Branson and Virgin is analyzed - another picture prevails.

New generations not affected by the history of Branson and Virgin, sees an extremely wealthy man - a man approaching an "elderly" age. Furthermore, they see this man on TV enjoying himself; windsurfing with beautiful women on his back, playing about on his private island and hosting TV shows. This might as well have been the description of Hugh Hefner - a description very far from that of the original Branson.

In order to test whether this assessment is correct, I used a focused closed questionnaire aimed at uncovering the perception of Richard Branson by the younger generation. The questionnaire was sent to more than 200 college and high school students¹⁰, of which 113 answered; this is by no means a significant statistical study; but it does reveal interesting tendencies - see appendix 6 for the questionnaire and the detailed results.

The focus of the questions is on composing a rough outline of the perception of the life and personality of Branson as perceived by the targeted generation.

The results show that great confusion exist on the matter of his nationality- see question 1 and 3; something that was very clear in previous eras and myths. Furthermore, it is evident that the perceived values of Branson is as much those attributed to an elderly wealthy man as those of a rebellion. Bearing these facts in mind it is evident that the identity of Richard Branson isn't as clear as it has been in the past; but the knowledge of his affiliation with Virgin clearly is. This, in return, transfers some of the identity confusion to the brand of Virgin - given the concepts of contextual branding.

Naturally, his personality has to change over time; but if the tendencies are analyzed in the paradigm of contextual branding and branding in general; the question of whether the branding phenomena of Branson in previous eras is starting to backfire prevails - can he still achieve authenticity and provide the fuel for future myths? or is it about time for him to step back and let Virgin thrive on his icon rather than his ever evolving personality?

¹⁰ Highschool is referred to as the danish 9-10 th grade, whereas college is the danish "gymnasium"

9.1.2 The Company

It was evident how the brand of Virgin during the 1990'ies played host to not one but two different myths - that at first glance would seem contradictory. This was made possible by the clever use of meaning transfer, myth creation, co branding and clever marketing. However, recent developments pay testament to the postulate that some of the authenticity of Virgin is wearing off. The brand of Virgin has always been centred on the role as the "valiant knight" fighting for consumer rights - something that is in sharp contrast to recent allegations of price-fixing (Osborne 2007). Furthermore, Virgin conquered significant market share and brand equity from British Airways by attacking their associated myth "the professional" on its values and products defined by service and luxury - two areas in which Virgin has received significant critique in recent years; most of which stems from unsatisfied customers expressing their disappointment through social networks and blogs¹¹. The deteriorating fit between myth, brand and reality will inevitably take its toll on the identity value of the Virgin brand and deflate its contextual positioning.

A second important aspect adding to the discussion of the current status of the brand, is the missing obvious cultural contradiction and counter myth. The analysis revealed that since the time of its origin, Virgin has always exploited the existence of opposing populist worlds and cultural contradictions - at times targeting a single company such as British Airways. In all cases Virgin assumed the role as the hero - see fig. 13. Now the rebellion that used to rake on the institutions have become an institution itself; an example of such is the "attack" on the TV network "sky" by Virgin Media, in which Virgin had no superior value proposition or myth to back up their competitive actions (Osborne 2007; Olins 2007). Actions such as these will decrease their authenticity towards the constituencies revolving around their previous myths.

Thirdly, Virgin has always been known as a British company - which was one the cornerstones in previous myths and the associated roles such as Robin Hood and King Arthur. However, as it was the case with Branson, recent developments illustrate how the national identity image of Virgin is unbalanced. The most significant example of such it the prestigious launch of Virgin America - which by the simple use of the word "America" instantly spurs associations linking to the American national ideology - something not entirely desirable for Virgin - given their rebellious history, associated myths and current context.

¹¹Example of such: <http://dabble.com/virgin-atlantic-sucks-the-sad-decline-of-a-good-brand-348>

A fourth factor, is the question of whether the tremendous amount of diversification within the lines of businesses they are involved in is causing a loss of focus and/or deterioration of the brand; looking at the different Virgin businesses it becomes obvious why. It is clear that virtually no one has achieved such an extreme stretch of brand extensions as Virgin; but previously the myths provided an authentic link and a commonality between these extensions - something that to some extent seem to be lacking in the current state of the Virgin brand. The loss of focus in the myths associated with Branson and Virgin has been further enforced by apparent distortions in the brand portfolio; a clear example of such is the failure of Virgin Finance - a line of business in which the values and myths of Branson and Virgin offers poor fit and authenticity.

It is clear, that the focus in the sections above is on the negative factors in the recent developments of the brand; and it is these that will provide the foundation for improvement and recommendations in chapter 11. It is clear that there are interesting developments in factors surrounding both Branson and Virgin - but true to the theoretical scope of this thesis, the influence of the context must be considered.

9.1.3 The context

The contextual developments described in this section is amongst those used in chapter 11; however, the focus here is on what tendencies have or may have affected the brand of Virgin in combination with the above described factors of the man and the company.

In previous sections I described how I think tendencies of the ongoing financial crisis can be perceived as a contextual amplifier in the sense that the anxieties and fears of consumers become apparent in times of crisis - resulting in sharper responses to disruptions and an increased focus on self-perception and cleansing of identities. This in return, creates massive cultural contradictions that iconic companies such as Virgin are expected to fulfill - when they fail to do so they are perceived as unauthentic. Hence the dynamic focus and control of the associated myths is very important in the current context; something that Virgin - given the sections above has neglected to some extent.

Given the current state and recent developments of the brand of Virgin, the following section will seek to apply the theoretical and contextual tools presented throughout this thesis in an attempt to illustrate how the brand strategy of Virgin should be conceived in the time to come.

PART 4

10. Regaining contextual focus

If the recent points of critique above are combined and analyzed with respect to the theoretical paradigm and contextual history of Virgin presented in this thesis, valuable case specific recommendations can be made.

To further increase the relevance and quality of these, the reasoning in the following sections is based on current and future contextual trends presented by the Copenhagen Institute of Future Studies (CIFS)¹². Furthermore, the contents of these recommendations serve as valuable information with respect to answering the general research question of this thesis in the following conclusion.

10.1 Identifying future contextual trends

Analyzing the history and the current state of the Virgin brand, it becomes obvious that one big dissonance is apparent - the need for a focused opposition based myth. Previous myths in periods of success were based on exploiting the construction of exact populist worlds and the occurrence of cultural contradictions; see fig. 12, 14 and the table in appendix 4. At the current state, the analysis of Virgin reveals no obvious effective myth. Hence, the first and most important recommendation concerns the composition of such; which, as following sections will illustrate, can prove difficult.

True to the nature of the research question of this thesis, the contextual framework for mythical composition is in this thesis defined by contextual trends derived from the financial crisis.

Reports from CIFS describe how the financial crisis can be described as "the perfect financial storm"; the result of numerous calumniating factors - a storm that has and will continue to change the behaviour and mindsets of consumers (Fremtidsorientering 2009a, c). They predict that consumers will become increasingly sceptical as institutions previously synonymous with safety, honesty and superiority continue to "get it wrong". The institute further predicts that

¹² <http://www.cifs.dk/>

this is amongst the factors leading to three general future trends relevant for the topic of this thesis¹³.

10.1.1 Green growth

The first trend predicted by CIFS is focused around what can best be described as "green growth". As the word entails, this trend is focused on environmental friendly growth within existing and new lines of business. The deteriorating effect that the financial crisis has on the growth from traditional markets in USA and Asia, will force the companies and consumers within most markets to turn their attention towards alternative areas for growth and innovation - the biggest of which is predicted to be within energy efficient products and markets as well as collectivistic and infrastructural investments.

This tendency will take its effect not only on corporations - but equally in the minds of consumers who will applaud the idea of a "Global Green Deal" which bares optimism and the promise of a brighter future.

10.1.2 Stagflation

The second trend predicted by CIFS is focused on the general economical outcome of the crisis. CIFS predicts that the economical context will experience conditions like those in western economies in the 1970'ies or Japan during the 1990'ies - defined by stagflation. Consumers and employees in the western world will experience a pressure on their income and on their job safety. This is partly due to the price competition from "low cost economies" as well as the fact that they predict that competition will move to markets and products defined by the term anarconomy - a term describing the process by which traditional physical and service products will be replaced by shared services and open source products; dramatically changing the arena of competition in western economies.

10.1.3 The fall of capitalism

The last trend described in these sections is by CIFS defined as "the fall of capitalism", and is to some extent a combination of several trends - including the two above.

In its essence it is focused around the severe effects that the financial crisis, failing trust and confidence has on the behaviour of consumers and inhabitants in general. These will realize that they are the ones paying the bill for mistakes they do not see as their own and cases of overpaid and greedy executives will keep reappearing. This will in return make them turn

¹³ The following 3 sections describe 3 general scenarios, derived and subjectively added from Fremtidssorientering 2008 a,b and 2009 a,b,c.

against corporations and nations defined by traditional capitalistic values - resulting in a focus on "simple living" and support of local economies. Identity and national identity in general will become even more important.

The trends described above was as mentioned subjectively composed and presented from a series of scenarios presented by CIFS. I chose not to rely on any single trend or scenario for the simple reason that the future is not set, and that a composition of different trends will ensure the needed dynamic contextual background necessary for effective myth composition. The following sections will constructively combine theory covered by this thesis with the contextual history of Virgin and these futuristic scenarios, followed by a conclusion.

10.2 Recommendations

The first and aspect to be discussed, is the status of the icon of Branson. Previous sections revealed that the perception of the personality of Branson is not what it used to be during previous periods; in which the values and meanings connected with his personality were centred on the British national ideology, rebellion against the establishment and value for money. He *was* as previously mentioned the Robin Hood of Capitalism - a role that would fit considerably better with the predicted trends of green growth, stagflation and the fall of capitalism than the perception of the current role and iconic status of Branson; see section 9.1. But how do you align the associated myths and values of Branson with contextual trends? The answer lies in the brand strategy of the company and the personal history of Branson. Fig. 14 illustrated how meanings were transferred from Branson to Virgin; the peculiar thing is, that I believe that the "top down" meaning transfer perspective suggested by McCracken does not apply in the current state of Virgin and Branson. 40 years of meaning transfer has left it virtually impossible to separate the values of Branson from those of Virgin - *and* the other way around; hence the "ineffective" state of the icon of Branson might as well be a result of the strategies of Virgin, as it can be actual developments in his personality. Thus, the solution could; thanks to decades of meaning transfer be found solely in the strategies of Virgin; leaving Branson free from altering his personal life, and to thrive from "bottom up" meaning transfer from the company.

This might seem like a somewhat abstract argumentation, but in its basic sense, the reasoning is based on the fact that the Virgin brand is as much a part of Branson as it is a part of the company - hence the endorsement process can now be reversed and the iconic status and values of Branson simply altered by strategies of the company - and not the other way around;

something that should - given the restrictions of the age of Branson, enable a broader scope of accessible myths and values.

Three tangible changes in the brand strategy of Virgin is derived and described shortly below. A constructed framework has been added in appendix 7 to illustrate how these changes interacts with the contextually constituted world based on the trend of green growth and a wide array of theories used within this thesis; such a framework could be constructed to fit any of the trends described above.

10.2.1 Focused diversification

Although physical products mean little or nothing within the theoretical paradigm proposed by Holt, it is evident that the values of the diversification strategy of Virgin has an impacts on the perceived identity of the brand and associated myths.

Following the predicted trends of CIFS, the scrutiny of consumers will increase in the face of the financial crisis. Thus, it will become increasingly difficult to successfully compose myths based on cultural contradictions and opposing companies if the presence of Virgin is evident in both of the contradictory contexts.

Adding the points above to the contextual history of Virgin and the predicted trends, it becomes evident that Virgin should avoid extreme oppositionistic diversification. An example of such could be; Virgin Green – a multibillion dollar fund dedicated to investments in environmental investments vs. Virgin Finance, Virgin Galactic or the upcoming Virgin F1 team. The contrast between these is astounding, and the values that these imply are clearly adding to the current confusion surrounding the core identity of the Virgin brand.

Given the analyses and theoretical perspective of this thesis, I propose a *focused diversification* strategy based on values rather than actual products and lines of business. Directing the attention to the table in appendix 7, such a focused diversification strategy should be made possible by the active use of the contextual basis of Virgin, secondary associations of such, the extended brand identity and the tools connected with these with respect to the following two factors.

10.2.2 Exploiting history

The second aspect that needs to be addressed is the need to exploit the contextual history of Virgin. It is obvious that the previous myths and contextual compositions of Virgin described in sections 7.1.1-7.1.3 and fig. 13, 14 & 15 all have clear referenced to the trends predicted by the CIFS.

The myth and role of Virgin as the Robin Hood of capitalism during the 1990'ies is a perfect fit for the trend; "The fall of capitalism". The contextual framework surrounding the previous *slacker myth* resembles those described in the "stagflation" scenario. Furthermore, the *love peace and harmony myth* implied values that are directly transferable to the contextual trend of green growth and environmental focus – which is the focus of the table in appendix 7.

It is evident that the contextual material for a historical composition of myths is available, but in order for myths based on historical authenticity to be successful; a overall fit needs to be apparent in the strategies. Already having discussed to importance of the diversification strategy; the second most important aspect remains; Richard Branson.

10.2.3 The future role of Richard Branson

If the future role of Richard Branson is assessed with the theoretical perspective of this thesis, several opportunities prevail for addressing the "unfortunate" trend concerning the perception of his personality revealed in section 9.1.

First possibility: the iconic status of Branson determined in previous sections entails the possibility for Virgin to thrive on his iconity rather than his personality. This would inevitably result in a more static perception of Branson as referring to his past will limit the use of authentic dynamic myths; but if the worst case alternative is assumed this will prove advantageous. The worst case alternative could be one in which an elderly Branson no longer guide the myths of the Virgin brand in the right direction – one in which the values of his person continues to deteriorate the rebellious perception of Virgin.

Put short; the first possibility resides in the scenario in which Richard Branson prepares Virgin for the time after his era – which further underlines the importance of the two strategies above – as these are focused on the brand of virgin rather than that of Branson.

The second possibility is that Branson regains his contextual strength by actively aligning his activities image to fit with the contextual trends *and* the two strategies concerning focused diversification and exploitation of history. The contextual trends predicted by CIFS described in this thesis, offers a near perfect fit with the previous conceptions of Branson and Virgin – hence the second and in my opinion most obvious possibility; is for Branson and Virgin to rely on the myths by which they conquered markets and the minds of consumers in previous decades. Although times and products change – the values of valiancy, honesty, rebellions

and harmony does not; and these are exactly what a contextual environment consumed by crisis needs.

11. Conclusion

The purpose and general research question of this thesis was to describe and compare traditional and contextual branding; and discuss whether modern strategies of branding offer viable strategies within the modern context.

In part two of this thesis, it was established how theories of what was to be considered as traditional branding was concerned with both tangible *and* intangible aspects of brand. Hence, the material benefits and design of products was bestowed with significant importance; which indubitable was due to the original and physical meaning of branding. Analyzing the core elements of the models by Keller and Aaker revealed that the tangible *and* intangible aspects composing the value of brands could be summarized by the key theoretical term *brand equity*; which could be leveraged by traditional methods of advertising and techniques such as brand extensions and co-branding.

Whereas brand equity was the central element in traditional branding; *identity value* was central within the theoretical paradigm of contextual branding. It was apparent that the general models of contextual branding should not be seen as contradictory to those of traditional branding. Thus, they should be perceived as being a natural evolutionary part of branding in general. This assessment was underlined by the fact that the developments of contextual branding was in line with those within research in other relevant fields, such as; consumer needs, consumption and the context in general. It was evident that the tools of contextual branding rely solely on building and maintaining the intangible aspects of brands by means of e.g. meaning transfer and endorsement.

Furthermore, it became evident in the theoretical comparison, that the difference between the traditional and the contextual paradigm was more a question of a difference in perspective rather than a difference in theoretical tools and applications. Relying solely on either perspective would from a theoretical point of view be disadvantageous; and the degree to which contextual branding should be applied is highly dependent on the context *and* the company and line of business in question.

In an attempt to test the assumptions and conclusions based on the theoretical comparison above, an empirical case analysis of the history of the brand of Virgin was conducted with

respects to principles mainly from contextual branding. This analysis revealed that the brand strategy of Virgin was in line with principles of contextual branding – and had been so for almost four decades; encompassing everything from contextual myths, storytelling, meaning transfer and celebrity endorsement. In order to further analyze whether this accordance with contextual branding was coincidence or the result of exceptional perception and foresight, the case of Virgin vs. British Airways was analyzed. This analysis revealed strong evidence that Virgin actively and consciously applied aspects referable to contextual branding; and that such proved an important element – resulting in superior brand performance.

Having established the historical evidence advocating that contextual branding had been advantageous in the case of Virgin, the attention was turned towards the current context, in the attempt to illustrate how principles according to the theoretical perspectives assumed in this thesis could be applied in the case of Virgin.

By applying principles of contextual *and* traditional branding with respect to contextual trends proposed by CIFS, a number of relevant points of critique concerning the current status of the Virgin brand were revealed - problems that revolved around the founder Richard Branson, the company and the context. These were all assessed from a structured theoretical perspective, which resulted in the creation of a complete framework regarding strategies and recommendations.

On the basis of the theoretical and empirical evidence presented in this thesis, it can be established that contextual branding and the related theoretical perspectives and tools does indeed present a golden opportunity in the current context – defined by a financial crisis. However, it was also evident that contextual branding implies a number of assumptions and principles that are highly dependent on not only the contextual framework; but equally the identity of the company and line of business.

“The difference between crisis and opportunity is only a matter of the contextual lens through which ones reality is perceived.”

12. Perspective

Whilst working on this thesis, several interesting aspects for further research were revealed; that due to lack of space and the narrow scope of this thesis was only briefly discussed and analyzed.

It was in theoretical comparison in earlier sections revealed that aspects of contextual branding should not be considered as universally applicable across all industries and lines of business. It could be interesting to further examine exactly what the conditions for successfully applying principles of contextual branding are; and how and if these are applicable in industries companies such as financial institutions – which given the current contextual trends of the financial crisis could prove interesting.

A second aspect that I believe could prove interesting; is a historical analysis of contextual. It was in the analysis of the Virgin brand established that Virgin and Branson had been applying principles of contextual branding for almost four decades. It could in this sense be interesting to analyze whether contextual branding has been historically justifiable. Thus, would contextual branding have proven advantageous in previous contexts such as the great depression and the Second World War.?

Nevertheless the research conducted within this thesis had widened my scope of interest with respect to the mechanics and perspectives of branding.

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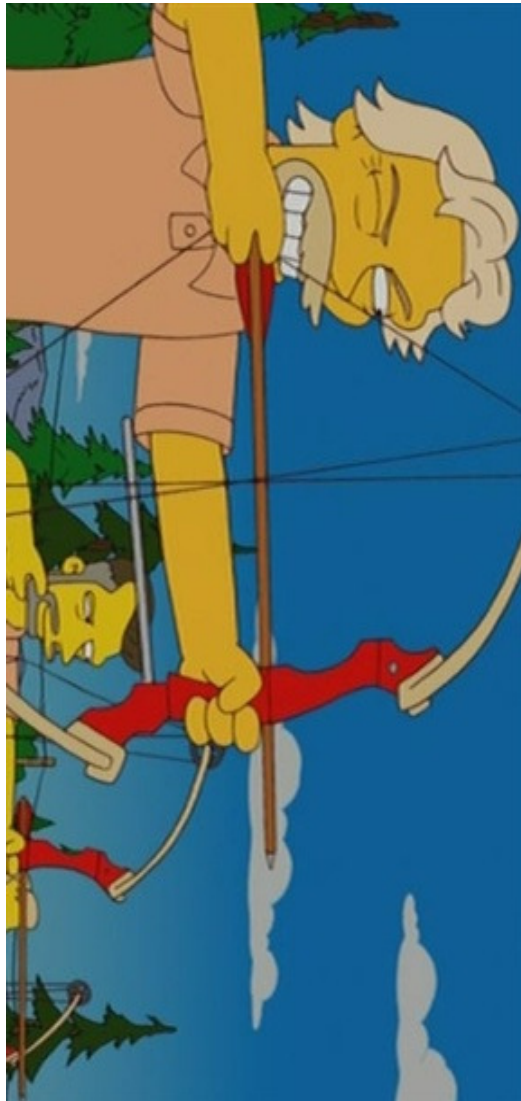
www.ipa.co.uk

www.telegraph.co.uk

Appendix 1 – The Lur brand



Appendix 2 - Virgin commercial 1990'ies



Advertiser: Virgin Atlantic

Title: Grim Reaper

: Rainey Kelly Campbell Roalfe Y&R

Date: April 1997



Scene opens with stone angel falling off a building. Church bells ring in the distance as the Grim Reaper appears. Fast paced music starts.



Various scenes of the man's life pass before his eyes, exciting, wild adventures and encounters.



As more and more scenes keep flashing past the Grim Reaper begins to get bored, when eventually he falls asleep.



VO: When your life flashes before your eyes, make sure you have plenty to watch

b)

upper class



*It seems like
every time you blink,
our business class
gets better...*

Our award-winning business class has continually redefined the way airline passengers are treated. Along with a style of service that feels both elegant and casual, our passengers enjoy a generous range of amenities and comforts. Some are obvious, like seats they can actually sleep in.

- **Huge reclining sleeper seats** with up to 15" more legroom than other business classes
- **Complimentary limo service** to and from the airports in the US and the UK
- **Drive Thru Check In**, bypass the hassle and lines, and let the chauffeur check you in without ever leaving the car
- **Virgin Clubhouses and pre-departure lounges**, featuring state-of-the-art business facilities, and at Heathrow and Gatwick, the Virgin Touch beauty salon
- **Pajamas, full-size pillows, feather duvets and fleece blankets** with a dedicated sleeping area on select overnight flights
- **On-board Beauty Therapists**, offering massages and manicures on select flights
- **Revivals Lounge** at Heathrow, where arriving passengers can shower and enjoy a hot breakfast

virgin atlantic 



c)



The Economist. 08/11/2001

Appendix 3 - More Virgin Commercials

Advertiser: Virgin Atlantic

Title: Mr A and Mr B Agency: Rainey Kelly Campbell Roalfe Y&R

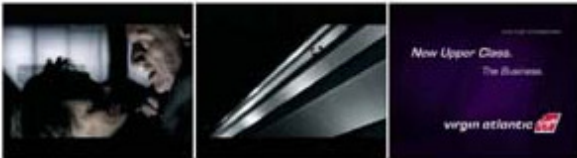
Date: October 1999



(Steve Buscemi) : Knocks on car window
(Man in car): This had better be worth it.



(Steve Buscemi) He's upgraded to the free chauffeur service: they drive you straight past check in to a VIP entrance at passport control. I mean who does he think his passengers are? the president of the United States?
(Rutger Hauer) Dirty Trick
(Steve Buscemi) Do you want me to wipe out the Chauffeur?



(Rutger Hauer) I think you'll find there is more than one
(Steve Buscemi) Oh.

Advertiser: Virgin Atlantic

Title: Kitty Hawk

Agency: Rainey Kelly Campbell Roalfe Y&R

Date: 2006



Scene opens with the pioneer walking through the sand dunes of Kitty Hawk and meets the Wright brothers by their plane.
Pioneer: So the plane's here. And how do you get to it? Chauffeur, takes you from your door to the airport.



Pioneer: You check in without leaving the vehicle. What's the flight between here and London? 7 hours right? People want to sleep with proper beds on board.



Pioneer: You're looked after by the best people. You have drinks on board, but why not sit at a bar. You eat when you want. You get to the other side another chauffeur takes you right where you're headed. You're gonna need a bigger plane.



We now pan through the new Virgin Upper Class cabin.

Appendix 4 – The contextual developments of BA and Virgin

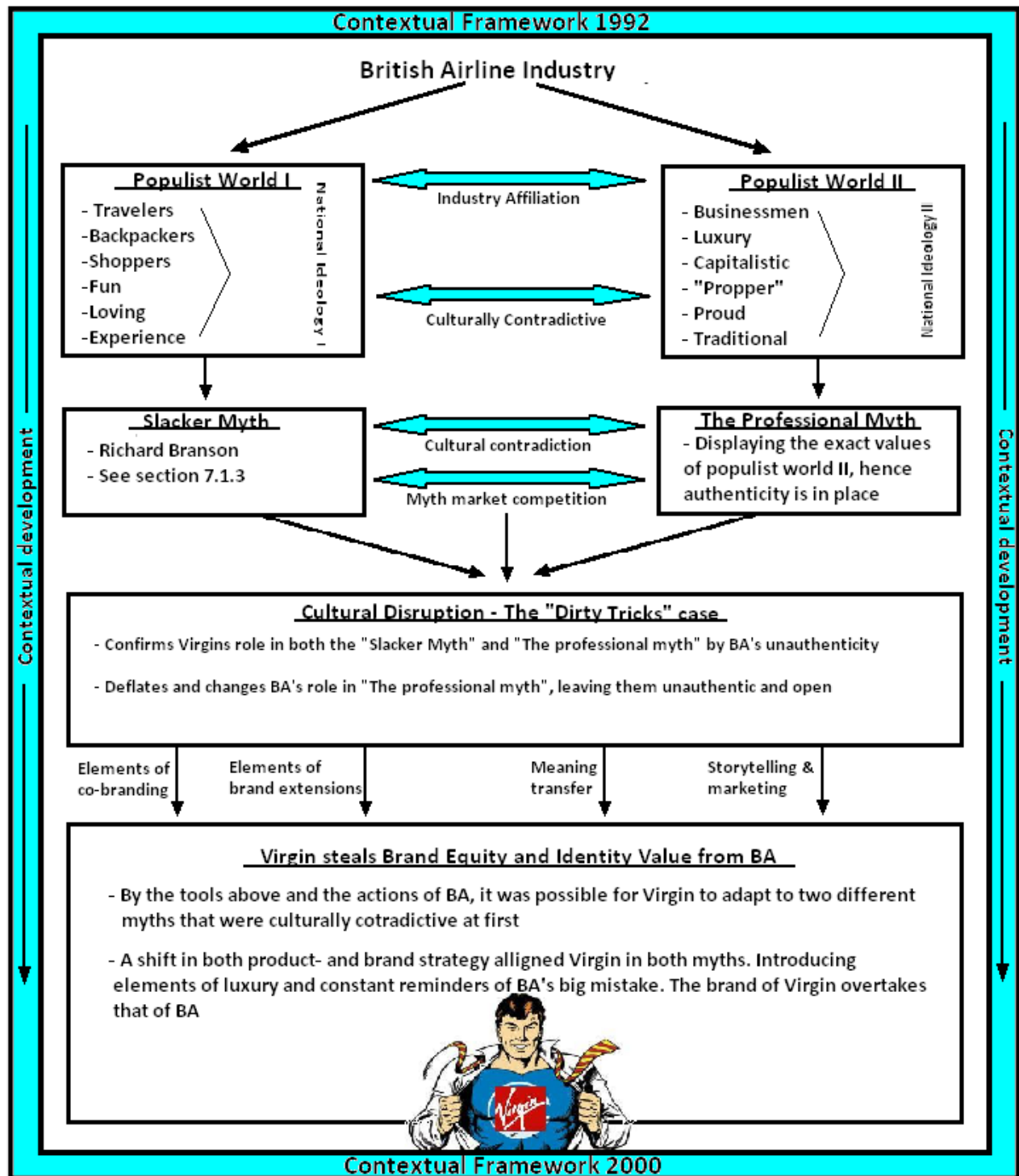


Table constructed from key points of traditional branding, contextual branding and the cases of Virgin and British airways – sections 4-7 in thesis



Appendix 6 - Questionnaire about Richard Branson

1) Richard Branson is from:

USA	Britain	Australia
-----	---------	-----------

2) Which Company is he associated with?

Virgin	Coca-Cola	Nike
--------	-----------	------

3) I think Richard Branson's biggest passion is:

Being Rebellious	Enjoying the life on first class	Being adventurous
------------------	----------------------------------	-------------------

4) Which of the following pictures illustrate Richard Branson as you would describe him?



1	2	3
---	---	---

5) What role describes the lifestyle of Richard Branson the most?

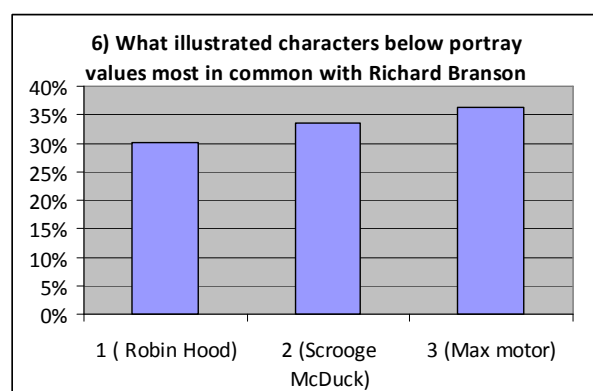
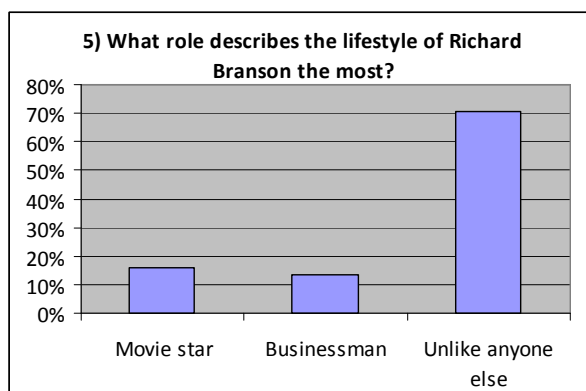
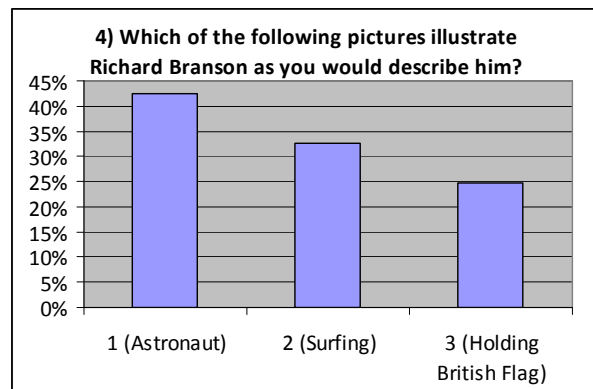
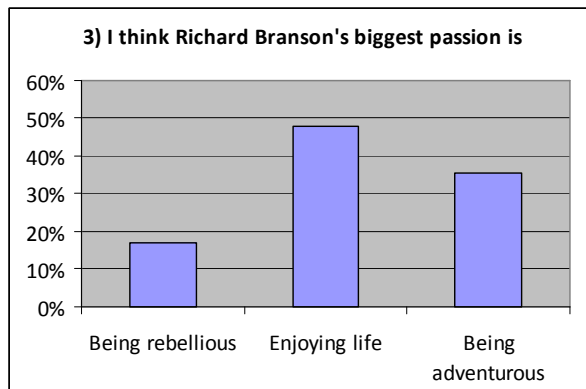
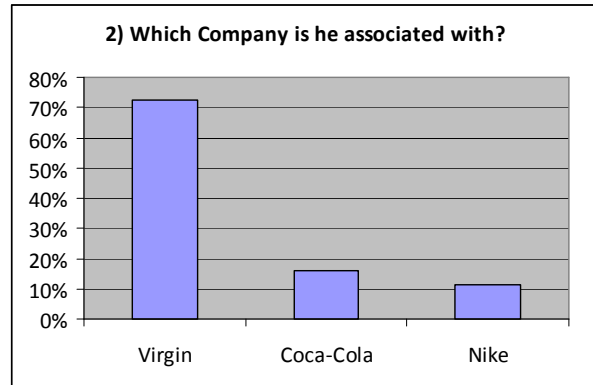
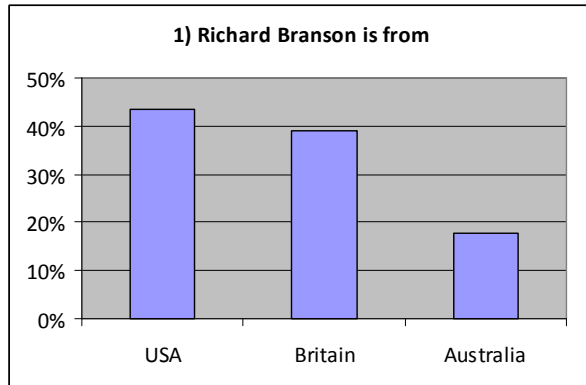
Movie star	Businessman	Unlike anyone else
------------	-------------	--------------------

6) What illustrated characters below portray values most in common with Richard Branson

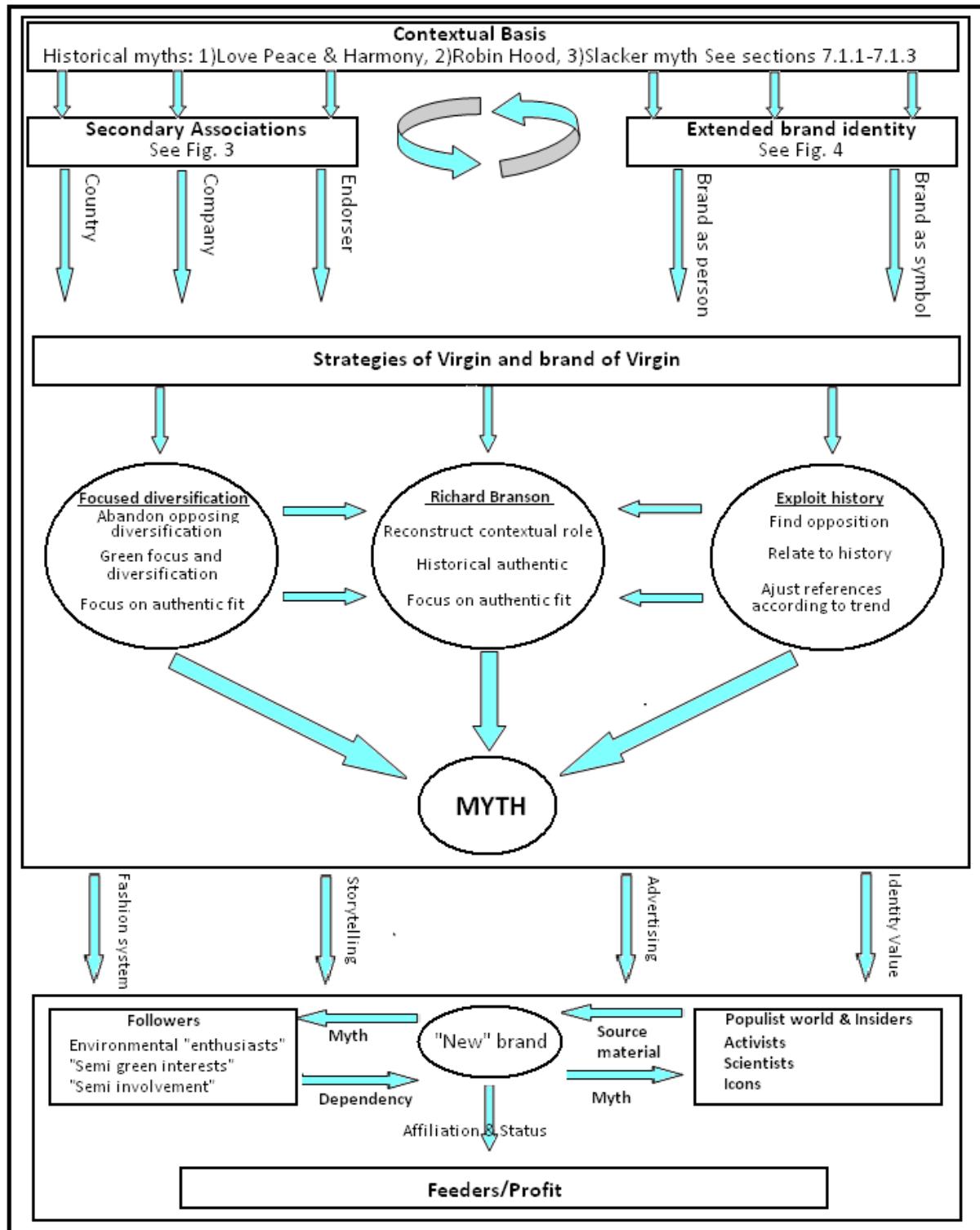


1	2	3
---	---	---

Results



Appendix 7 - Contextual framework for regaining focus





CONS



CULTURE



CONTEXT

A NEW PERSPECTIVE ON BRANDING IN MODERN CONTEXTS

Master's Thesis
M.Sc. Finance & Strategic Management

Advisor: Anne Martensen
Department of Marketing

Author: Rasmus Mars

Date for submission: October 4th 2010

Number of characters including spaces (STUs): 180.407 = 79,3 pages

Executive Summary

Is the current financial crisis the “perfect storm” of capitalism - an all destroying unavoidable factor, representing a threat for all companies; or is this crisis a unique opportunity for exceptionally perceptive and adaptive companies to capture markets and the minds of consumers by clever use of modern techniques of branding?

The following thesis examines and illustrates how methods of contextual branding – a recent theoretical branch within the branding paradigm has evolved from traditional theoretical principles to become a holistic applicable tangible theory; a theory that by the use of a historical analysis of the brand of Virgin proves to have been advantageous throughout the span of four decades. In addition, the empirical performance of Virgin derived from applying principles of contextual branding is comparatively analyzed to that of British Airways – proving the principles of contextual branding superior.

Furthermore, to test whether these principles still deem superior, this thesis illustrates how theories and strategies of contextual branding could prove advantageous in the current context – defined by the financial crisis. Thus, providing a different perspective of branding based on a variety of academic approaches, amongst which are; psychology, sociology, finance, consumption, future studies and behavioural science.

Combining the theoretical and empirical analyses above, this thesis offers unique insight and recommendations in the modern world of branding – a world in which the image of the financial crisis as the “perfect storm of capitalism” is punctured by contextual decoding and exploitation of cultural trends.

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PART 1

1.0 Introduction

As the external framework and general conditions of competition of companies change, so must their strategies in order to achieve continued success. The ongoing global financial crisis that started in 2008 and the widespread economical and psychological effects that followed, is a precise example of how external macro economical factors and trends can effect otherwise previously well functioning companies. We have all seen the documentaries and the news broadcasts of how otherwise solid financial companies are the "*victims*" of the financial crisis, bad judgement or a combination of the two. It is widely accepted that the financial crisis should be perceived as a threat.

This thesis seeks to examine the opposite scenario, and describe how companies by modern branding techniques should seek to look past the financial constraints of the crisis and into the unique cultural context and trends that such a crisis creates.

Whereas the world has never seen a crisis exactly as this, we have indeed seen how such major events affect the contextual framework and the mindset of consumers. Thus, this might prove an excellent opportunity for exceptionally perceptive and adaptive iconic brands.

Branding in its basic sense has been around for centuries (Keller 1998; Aaker & Joachimsthaler 2002). During which time the theories concerning the subject have undergone an astonishing evolution. Branding has evolved from being a simple mark distinguishing goods from those of others, to being one of the most - if not *the* most valuable asset of most major international companies (Keller 1998).

Try and imagine Nike without its logo and Coca Cola without the shape of its bottle - it is impossible. The value of having a strong brand is indisputable, and has been proven empirically time after time.

If seen through the theoretical perspective of the benefits of traditional branding and the methods of contextual exploitation by contextual branding; does a financial crisis still impose a threat? - or a rare opportunity for companies to position their brands within a rapidly changing cultural context?

1.1 Problem statement

Developments in technology and the increasing globalization, are amongst the factors leaving it increasingly difficult for companies to differentiate their products from those of their competitors; parameters such as price, product and distribution are no longer parameters of differentiation, - they are merely necessities for surviving in the long run in a world where the rational buying motives of consumers are being replaced by emotional motives within almost all markets (Jacobsen 1999; Kapferer 2001).

Recent developments within the context as well as within the theoretical framework of branding has in my opinion provided a unique possibility to analyze whether the new aspects of branding are historically justified and viable within the current context; it is these aspects that constitute the general research question of this thesis.

"Describe, discuss and compare iconic contextual branding to traditional branding, and discuss whether such could prove advantageous in the current context"

In order to fully understand the general research question and reach a successful conclusion, a number of key sub questions needs to be addressed.

- Define and outline the theoretical paradigm of contextual and iconic branding, and compare this to traditional branding theories.
- Use this theoretical paradigm and theories concerning cultural trends and developments, to identify a company with a significant iconic brand.
- Conduct a comparative performance analysis with a company in the same line of business, to uncover the potential commercial value of methods of iconic branding.
- With a basis in the theoretical perspective assumed in the case analyses, give recommendations on how the chosen brand should approach the subject of branding during the current context.

2. Method and scientific assumptions

The purpose of the following section is to inform the reader of what general methods within research and theory that has been applied whilst working on this thesis.

Generally, the subject of methodical approaches can be aggregated into three different levels (Darmer & Freytag 1996). The first of which is the science of knowledge which is considered to be of a rather abstract nature, and therefore not applicable nor excessively relevant in describing the methodical perspective of this thesis. However, the second and third level consists of the *method* and *methodical* approach, which are to be considered as the less abstract and more tangible levels of the science of knowledge. Hence the *method* chosen is to be perceived as the general perspective by which the general research problem is perceived, whereas the *methodical* approach describes the specific techniques used.

2.1 General scientific method

Originally, literature concerning the choice of what science to apply when acquiring data, dictates three different conceptions: Positivism, functionalism and constructivism (Darmer & Freytag 1996).

When faced with the choice of which general concept to adopt when conducting research, one can traditionally choose between two different perspectives, the first of which is; taking offset in a specific view of the world and its perceived reality, and thereby let the embedded assumptions of such a view have its effect in the subjectivity of the research.

The second perspective, is to let the problem in question dictate the methods; which is the choice in this thesis. This is due to the fact that the constructive perception of a given problem or reality has its offset in the fact that reality is relativistic in the sense that the perception of reality changes over time and is perceived differently by different persons. This implies that it is impossible to separate all subjectivity from any science or method. Hence how we perceive and apply problems and solutions are highly affected by the context in which we reside.

The choice of a constructive perspective is in line with the core of modern branding, which is focused around individual and subjective assumptions and perceptions. This perspective is clearly advantageous since the general problem and focus of this thesis is on the context. The goal is thereby to seek to apply methods and theories that will provide general rather than specific conclusions to the overall research question of this thesis.

2.2 General Research Method

Under the constraints of the chosen general science of knowledge in the section above, there are generally two different conceptions of how research and knowledge of a specific problem is acquired and analyzed (Darmer & Freytag 1996).

The research can have its offset in existing applicable theoretical models, and by logical research and procedure, conclude on whether or not the assumption and results of the given model is true. Or, it can have its offset in empirical data, and by the use of theory seek to explain and conclude on empirical results.

It is obvious that the choice in this thesis is the latter. This is due to the fact that the context of the present financial crisis is unmatched throughout history. Any attempt to find complete theoretical model which sole purpose is to explain the performance of brands under such uncertain contextual frameworks would surely result in a highly biased result if not a useless one.

Hence the choice of method in this thesis is based on trying to explain empirical results of a selected case, by the subjective and constructive use of theoretical models. The following section describes in more tangible terms what general theoretical perspectives and methods are used in acquiring and analyzing data in relation to the general research question of this thesis.

2.2 Specific Research Methods

Given the general choice of research perspective in the sections above, many different techniques could be applied in order to conduct the research needed to create the foundation for a satisfying conclusion.

These techniques could be characterized as being either qualitative or quantitative. Given the investigative and explanatory nature of the research question and the choice of a constructive scientific theoretical approach, the major part of the research should be conducted through the use of qualitative research methods, such as case studies, future studies and a single questionnaire. However, this thesis will also contain research and data based on historical or quantitative data due to the fact that a historical study is needed to identify potential contextual iconic brands and the performance of these.

The choice of one method does not exclude the use of the other - on the contrary. Research techniques within both categories are used in unison in this thesis - much like the interlaced use of theory and empirical data.

The qualitative research in this thesis relies heavily on one technique; case studies. The data generated through a case study will naturally be more subjective than any information derived from general statistical data. This is due to the fact that the choice of exactly which case to study is made by the conducting entity on the basis of the knowledge he or she possesses, which in return inevitably will induce expectations of what results the study will carry. Such a method as it is used in this thesis is said to be deductive or hypothesis testing (Darmer & Freytag 1996). This method is useful when researching in fields where theory already exists, such as branding.

The rest of the qualitative and quantitative research and data is for the better part based upon published and widely acknowledged material, if any should be considered unreliable or unrealistic in any way, it will be commented upon in the section in which it is used. Any financial data or calculations used in later sections comes from Datamonitor, Yahoo! Finance or the like, and should likewise be considered as correct and reliable.

The following section will briefly introduce the three main theoretical perspectives used.

2.3 Theoretical perspectives

In order to understand the content and structure of the theoretical perspectives of this thesis, a short presentation of the three general theoretical perspectives used is essential. Naturally the nature of the research question entails that a majority of the theory and literature used is centred on branding - but in order to justify the structure in later sections, a separation between what could be defined as "traditional branding" and "contextual branding" must be established; as these impose the two main theoretical perspectives.

The term traditional branding is used throughout the rest of this thesis. It is however necessary to clarify that the theoretical structure behind the term traditional branding, is based on material and theories published more recent than 1970. This might be somewhat misleading since the term branding has been around for much longer; but in order to ensure relevance in relation to the research question and topic of this thesis, it is necessary to tighten the theoretical scope.

The theoretical term of contextual branding is somewhat more recent than traditional branding.

Contextual branding is however more complex in the sense that it draws upon science within culture and psychology to a greater extent than traditional branding. Hence, in order to fully understand and apply contextual branding this thesis draws upon the theoretical aspects from many fields of science and academic research.

The research question of this thesis cannot be answered successfully without the use of empirical- and cultural theory and data. In order to gain the desired insight into the anatomy of a financial crisis and the impact it has on the cultural context and the minds of the consumers, this thesis draws upon literature and theory concerning the subject of financial crises in general.

Furthermore, this thesis draws upon the history of corporate culture and capitalism in order to create the empirical and contextual link between theories of crisis and branding.

2.4 Limitations

The intention of this thesis is to provide a valuable contribution in understanding the link between branding - contextual branding in particular and the performance of companies under certain contextual environments. As this is a somewhat narrow scope by definition, this imposes several limitations on the focus and research within this thesis. These limitations are imposed to ensure a satisfactory depth in focus, while still providing enough scope to establish and conclude on new theoretical and empirical connections.

One limit of this thesis is that the results of the research question and further recommendations are highly dependent on what empirical cases that are used. The purpose of this thesis is therefore *not* to uncover a general recipe for success, but rather to describe how the brand in question should act; given previous performance and the theoretical aspects covered. Hence the results are not to be considered as being applicable in all cases.

Furthermore, the theoretical focus in part two of this thesis is mainly on the general academic perspectives rather than a detailed presentation of specific branding techniques and strategies. This is a conscious choice made in order to get the sufficient width in the theoretical perspectives so that the later comparison and analysis will be based on a sound theoretical assessment.

The general research method assumed in this thesis implies a certain degree of subjectivity – something that is unavoidable. The subjectivity is especially expressed by three factors. The first is the choice and formulation of the general research question – which inevitably imposes

expectations with regards to results and the methods used to achieve such. The second factor adding to the subjectivity of latter sections, is the choice of theoretical perspectives and tools – which given the vast amount of material concerning branding is a result of a selective process. The last major factor contributing to the degree of subjectivity is the conscious choice of what cases to use – which indirectly is dictated by the two points above.

It is clear that the most trendsetting limitation of this thesis is the degree of subjectivity that can occur. Bearing this in mind; criticism and self-scepticism is important aspects whilst dealing with theoretical research and empirical cases in later sections.

2.5 Thesis structure

The choice of the general model of research, the constructivist perspective and deductive research methods are highly influential on the overall structure of this thesis, which can be aggregated into four major parts: Introductory sections, theoretical presentation, empirical case studies and finally analysis and conclusion. Further illustration of the contents of each major section is portrayed in fig. 1 below.

Intro & Presentation	Theoretical presentation	Empirical study & cases	Analysis and conclusion
Introduction	Traditional branding	Case selection	Past performance
Problem statement	Contextual branding	Case analysis	Future performance
Method	Anatomy of a crisis	Case comparison	Conclusion
Limitations	Theoretical comparison		Recommendations
Structure			
Part 1	Part 2	Part 3	Part 4

Fig. 1 - The structure of the thesis, source: own creation

PART 2

3. Branding

The official definition of the term "Brand" is by the American Marketing Association defined as *"a name, term, sign, symbol or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate that from those of their competitors."* (Keller 2002). The reason for this broad definition is that it seeks to describe a

theoretical term that has evolved immensely over the past century. Branding in its most basic sense was first introduced as a method for physically marking products and livestock in order to distinguish it from that of the competitors - hence the name "branding", which stems from the Old Norse word "brandr" - to burn.

As corporate history evolved, so did the term branding and the ways of how it was used and applied. Brands started to become associated with certain *product qualities, reputation* and *values*. It is believed that one of the first of such significant multifaceted brands was that of Wedgwood - a British pottery who's brand became synonymous with innovative colouring and design by the name "Queen's Ware"(McGraw 1997). Wedgwood still exists and thrives on their brand created more than 200 years ago. One of the early famous Danish examples is that of Lurpak and the "Lur" brand. Butter marked with the special "Lur" brand was instantly associated with Danish quality butter - A brand that also exist today, see appendix 1 for illustration.

Throughout history companies quickly became aware of the importance and commercial potential of strong brands. The term of branding has evolved continuously towards becoming an integrated part of the greater identity of companies. It was however not until the late 1980'ies that branding as a general tangible method for leading companies was acknowledged (Keller 2002). Since then, the term of branding has become one of the most important assets in many companies, its influence seen in everything from the corporate identity, employee politics, leadership and product appearance. The following sections seek to present the most important theoretical aspects of "traditional branding" from this era.

4. Traditional branding

As mentioned above, the term "traditional branding" might be somewhat misleading, as branding itself is centuries old. However if seen in the light of recent developments within this theoretical paradigm it *is* most fitting, that theories that are no more than two decades old can be considered traditional.

In order to gain understanding in any field of theory, it is important to understand the general accepted conceptions by which such theoretical field are defined. The definition of branding is a static one.

The existence of different definitions of the term is a testament to the fact that branding is not a fixed theoretical term; but instead highly dependent on the underlying assumptions and general theoretical perspective assumed when assessing it. To fully understand branding, one

must apply theoretical aspects from several different schools of research such as sociology, economics, psychology and marketing. Bearing this in mind, the following sections seek to provide an objective theoretical foundation.

4.1 The concept of Brand value

Despite widespread discussions of the theoretical background, there is no doubt that successful branding and strong brands have a positive effect on the performance of a given company. Most of the research conducted within the field of branding agrees on the overall beneficial effects of successful branding (Keller 1998):

- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic response to price increases
- More elastic consumer response to price decreases
- Greater trade cooperation and support
- Increased marketing communication effectiveness
- Possible licensing opportunities
- Additional brand extension opportunities

Although most agree on the general benefits, they have different perspectives on how to categorize or explain these effects. Kevin Lane Keller categorizes them accordingly: *Product effects*, *price effects* and *communication effects*. Alternatively, Ian Lewis describes how they should all be perceived as either *growth* - or *profit effects*.

In addition, it is interesting to observe the difference in opinions concerning the general reasons or origin of the general benefits - whether these are results of the effect that strong brands have on the perceptions and reactions to marketing activities by the consumer (Keller & Hoeffler 2003); or if it is due to the possible advantages within the marketing mix that a strong brand can provide (Yoo et. al. 2000).

The many perspectives and perceptions on the effects of a brand and the origin of such effects can despite their differences be summarized by one theoretical aspect - *brand equity* (Keller 1998). However, the concept of brand equity is to some extent a subject of debate itself.

In the theoretical world of traditional branding, three different streams of academic research have defined or conceptualized the term of brand equity: psychology, economics and biology & sociology (Keller 2002). Despite the obvious difference in perspective, they all roughly agree on the fact that brand equity is the "more value" perceived by the costumer when presented with a product backed by a strong brand, as to when compared to a product without any significant brand association.

4.1.1 Psychological approach

The psychological perspective for assessing brand equity and branding in general has its academic offset in theories of cognitive psychology - concerned with explaining the effects of branding by cognitive and associative network memory models (Keller 2000). In other words, consumers categorize and memorize products **and** brands based on cognitive and emotional assessment of attributes, rather than on logical or rational reasoning (Keller, 1998; 2003; Loken & Roedder 1993).

Although agreeing on the general perspective of psychology when assessing brand equity, different researchers have applied different approaches in attempting to understand and explain the phenomena. Most of the research done by Keller on the matter of brand equity is conducted with a heavy focus on consumer behavior (Keller 1998; 2000; 2003), and so he defines costumer based brand equity (CBBE) as: "*The differential effect that brand knowledge has on consumer or costumer response to the marketing of that brand*"(Keller 1998)

Keller's conception of brand equity relies heavily on the notion of brand awareness and brand associations, which are key concepts in building and maintaining CBBE. Keller's definition of CBBE is moderately simple and precise, but his theoretical models supporting this definition are more complex. However a general model displaying the concept of CBBE that emphasizes the importance of the relationship between costumer and brand has been established (Keller 1998; 2002; 2003), and is illustrated in fig. 2.

An interesting theoretical perspective within the psychological approach in relation to this thesis is that of David Aaker. Aaker approach brand equity and branding in general from a managerial perspective. Hence, most of the research and published material is concerned with describing the importance of including considerations of branding in most aspects of a company. Aaker defines brand equity as consisting of 4 separate parts that represents either assets or liabilities for a given brand, symbol or company: *brand awareness, perceived*

quality, brand associations and brand loyalty. Aaker also emphasize the importance of the relationship with the consumer (Aaker & Joachimstahler 2002). This is particular evident in the definition of the theoretical concept of "brand identity" - in which he endows significant importance. Brand identity consists of twelve separate concepts categorized within four general perspectives that companies need to build and maintain in order to: "...Establish a relationship between the brand and the consumer by generating a value proposition involving functional, emotional, or self-expressive benefits."(Keller 1998).

However, Aakers definition of brand identity is a static one contrary to several new perspectives, which is seen in his description of core identity: "The core identity is most likely to remain constant as the brand travels to new markets and products..."(Aaker & Joachimstahler 2002). The Aaker conceptualization of brand equity is also portrayed in fig. 2.

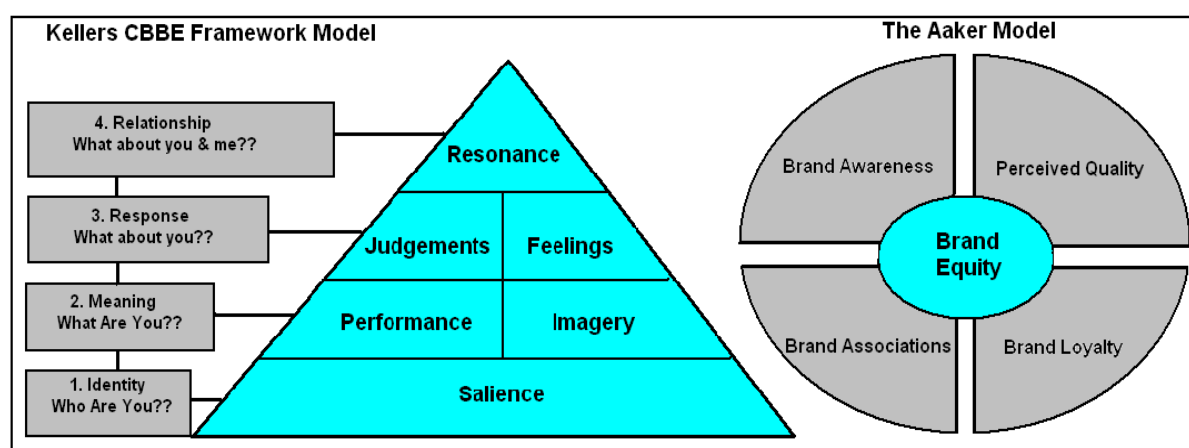


Fig. 2. - Conceptions of brand equity. Source: Constructed from original models from Keller 1998 and Aaker & Joachimstahler 2000

The models of Keller and Aaker are in relation to this thesis considered as cornerstones in the theoretical concept of traditional branding - and are used extensively throughout the remaining sections as well as for explaining crucial elements within the concept of contextual branding.

4.1.2 Economical and Sociologic approach

As most of the focus within the theoretical aspects of Keller and Aaker are based on the psychological perspective described above, this section on the economical and sociologic approach will be rather short and restricted. Leaving these 2 academic approaches out when describing traditional branding, would however be a mistake as they both contribute significantly to the general theoretical paradigm. Furthermore, the theoretical and academic borders separating the 3 perspectives are blurred.

The academic approach defined as being economical is different from the psychological approach in the sense that it relies *less* on behavioral aspects of the consumers, and more on the rational economical arguments of free markets and asymmetric information (Keller, 2002).

The contributions of Erdem and Swait (1998) is an example of a economical/rational approach of brand equity, as they consider brands as tools for informing and signaling consumers on attributes and aspects of products and companies, thereby reducing the need for information and research of the consumer. They still consider brand equity as being based on a relationship with the costumer, as a result of credibility rather than cognitive and psychological aspects (Erdem & Swait 1998).

The biologic and sociologic perspective is interesting and important in relation to this thesis, as the concept of contextual branding explained in later sections has part of its theoretical background in this school of branding. Compared to the psychological and economical perspectives, the social perspective does not focus solely on the two-way relationship between the consumer and the brand. Instead, the focus within this perspective is on the broader general cultural and anthropological importance of brands - in the sense that the popularity and success of brands are due to cultural and social trends, rather than the attributes and quality of products and companies (Keller 1998; McCracken 1993; 2005; Holt 2005).

It is evident that the three different academic approaches differ in their theoretical perspectives and the assumptions that these imply. However, it is obvious that they all agree on the basic benefits and effects that having a strong brand entails. Hence, the different perspectives should be seen as different paths to a common destination, whereas different scenarios and different contexts would require emphasis on any of these three perspectives. Bearing these similarities in mind, I believe that the original CBBE framework for building costumer based brand equity proposed by Keller, with a strong focus on the costumer relationship is a suitable general model for displaying the theoretical paradigm of "traditional branding". Further attributes of the CBBE framework is illustrated in fig. 3.

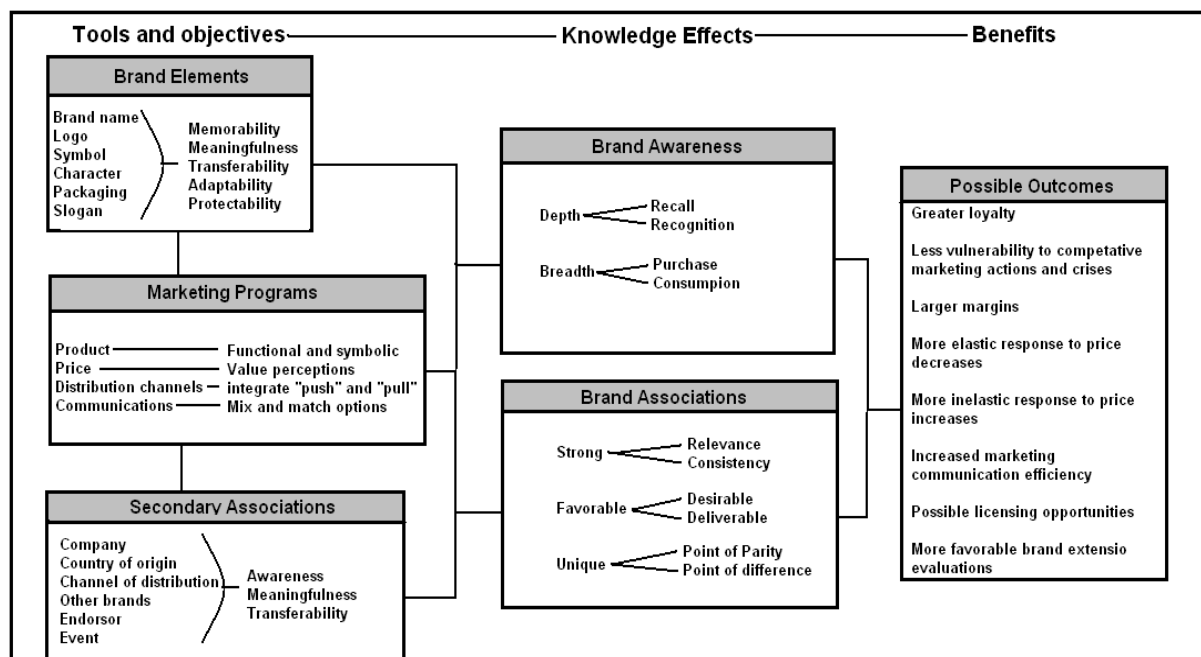


Fig. 3 - Building customer based brand equity, Source: Building, measuring and managing brand equity, Keller L. Kevin, 1998, page 69.

4.2 Measuring brand value

Naturally, the different academic approaches of the subject of brand equity have aspired several different ways of how brand equity is observed and measured. Keller and Lehmann (2006) prescribe that brand equity should be measured and investigated at three different levels: *customer*, *product* and *financial*. The first of these approaches is the customer based approach, where *"The value of a brand - and thus its equity - is ultimately derived from the words and actions of consumers"* (Keller & Lehmann 2006). Hence the value of a given brand is by this approach measured implicitly or explicitly by the knowledge and associations of a brand in the minds of consumers. Although this might appear rather abstract and hard to measure, several models have been developed to capture and measure these aspects, e.g. the AIDA model¹ and commercial models such as BAV² and the similar BrandZ database³ - models that all result in vast commercial databases. Such customer equity based models are largely derived by focusing on different emotional areas like those illustrated in the Aaker model in fig. 2 organized in a chain or a hierarchy (Keller & Lehmann 2006).

When assessing the value of brand equity on the product level, researchers have focused on studying the differences in price premiums, price elasticity and sensitivity to competitors' reactions (Keller & Hoeffler 2003). Numerous empirical studies supports the correlation

¹ Awareness-Interest-Desire-Action

² Brand Asset Valuator, www.brandassetconsulting.com

³ www.Brandz.com

between leading brands and the beneficial tendencies mentioned above. However, it has been debated to what extent brand equity can be accredited for such effects or if the correlation is the result of other determining factors (Keller & Lehmann 2006).

A third approach for measuring brand equity is based on models that study and interpret financial performance. Two popular indicators of financial performance used in such a way are Tobin's Q and incremental cash flows, which accrue to branded products over unbranded products. When applying these methods, researchers seek to measure, define and explain the components of market value *unexplained* by financial assets (Keller 2002; Barth Et. al 1998; Simon & Sullivan 1993).

As it was evident in the conceptualization of brand equity, the subject of measuring and defining the value of brand equity is highly dependent on the academic perspective applied. The following section reflects on how the benefits and the value of branding are reaped, by describing the core theoretical elements of brand building.

4.3 Traditional Brand Building

According to researchers it requires considerable effort and focus on a wide scope of tangible and intangible aspects to build a brand from which benefits will transpire.

Keller considers the term "brand elements" as a general description of the tangible physical "trademarkable" markers by which a brand or product is physically defined; such as logos, design and packaging, see fig. 3 (Keller 1998, 2002). Of more importance in this context, are the criteria for *selecting* and *designing* successful brand elements imposed by Keller: Meaningfulness, memorability, transferability, adaptability and protectability (Keller 1998).

Countless studies have been made to illustrate the importance of tangible aspects, ranging from the choice and combination of letters,

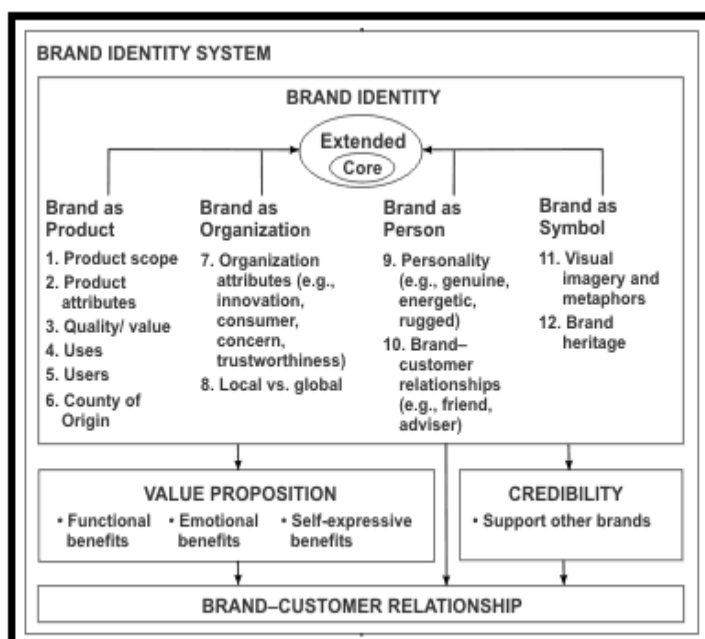


Fig. 4. Part of the brand identity planning model. Source: Aaker & Joachimstahler 2002, p. 44

to the cultural and semantic implication of certain names and different values imbedded in these (Keller 1998, 2002).

Aaker and Joachimstahler have similar - but more radical views on how the tangible and intangible aspects of a brand should be considered and separated. Their perspective is evident in their term of brand identity - and the related holistic strategic model of *brand identity planning*, a part of which is seen in fig. 4.

They propose that brands are built and maintained by focusing on the core - and extended identity of a brand; resulting in a value proposition consisting of both tangible (functional benefits) and intangible (emotional benefits).

Keller has similar views on the aspect of brand intangibles, and agrees on the importance of brand personality as seen in fig. 4. Brand personality is considered to be the human traits of a given brand, by which a relationship with a costumer can be established - a key element in all branding models within the customer based brand equity perspective.

Whether the intangible aspects of brands are defined as the knowledge effects of the CBBE model, or parts of the extended brand identity in the brand identity model; the value of such aspects is undeniable- and given the fact that such intangible aspects gain their value in the unique mindsets of the consumers - the possibilities are countless. One particular interesting intangible aspect in relation to this thesis and latter sections on contextual branding is the recognition of "brand communities".

Within the theoretical paradigm of traditional branding, Muniz & O'Guinn defines a brand community as "... *a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand*"(Muniz & O'Guinn 2001). Such communities have an immense impact on the set of values and the moral and behavioural aspects of consumption by consumers.

The existence of such social communities centred on one or more brands is a cornerstone in the theoretical perspective of iconic- and contextual branding introduced in later sections.

4.4 Leveraging the brand

Having chosen the brand elements and general marketing programme, the stage is set for leveraging the brand equity by methods such as brand extensions and brand associations. Keller describes secondary brand associations as being the possible link between the brand and other entities that have their own knowledge structures in the minds of the consumers.

This might in some cases result in the transfer of consumer responses and associations from one entity to another; hence if done successfully, one brand can "borrow" or "steal" brand knowledge or even brand equity from another entity (Keller 2002). This process has by McCracken been described as "meaning transfer."

These sections focus solely on the general topic of brand extensions and co-branding - both of which are related to all the factors within the list.

4.4.1 Brand extensions

The subject of brand extensions has since the introduction of brand equity been the subject of immense research. The exact definition of brand extensions relies on the academic and theoretical perspective by which branding is perceived. The research on consumer brand extension attitude formation by Keller and Aaker (1992) suggest the definition: "*The use of an established brand name to enter a new product category*"(Aaker & Keller 1992), by this definition, the benefits of brand extensions are obvious - companies can, if applied successfully, avoid the costs and risks associated with building a new brand, by convincing consumers that the positive attributes associated with the original brand are relevant to the new product/brand (Aaker & Keller 1992). According to Aaker and Keller, the success of brand extensions is determined by three factors:

1. "... **Attitude** toward the original brand" - which in the theoretical paradigm could be defined as the amount of brand equity.
2. "... **fit** between the original and extension product classes"
3. "... **perceived difficulty** of making the extension".⁴

The advantages of brand extensions are numerous and rather obvious, but if the perspective of Aaker and Keller above is assumed when assessing how to successfully leverage brand extensions; it becomes clear that conditions for successfully transferring a brand across different product lines, impose barriers.

Many researchers have turned their attention to studying the potential reverse and negative effects that can occur if brand extensions fail.

One of the most interesting aspects of disadvantageous brand extensions is the potential negative impact on the parent brand. Aaker and Keller conducted an empirical study, that

⁴ All three quotes are found at: Aaker & Keller, 1990, p29

suggested that the consumer perception of a given parent brand was *not* affected by negative attitudes or incidents towards sub brands (Aaker & Keller 1990). More recent studies by other researchers have however questioned the validity of these findings (Barrett et. al. 1999). In addition Keller recognizes the so-called dilution effects of parent brand image in his later publications (Keller 2002). Martinez and Chernatony (2004) introduces a brand extension perspective in which the brand image is classified by two types: the general or parent brand image, and the product brand image. They suggest that if the brand name is strong enough as e.g. Nike or Sony, the negative implications on brand or product extensions will cause no extensive damage on the general brand image - hence "*...the dilution effect is greater on product brand image than on general brand image*" (Martinez & Chernatony 2004). It is evident that the results of these studies vary depending on the context in which they were conducted.

Later sections will discuss the importance of such contextual and cultural aspects in explaining why some companies such as Virgin, can extend their brand across a seemingly limitless amount of lines of business, whilst other types of companies have failed in doing so.

4.4.2 Co-Branding

Closely related to the subject of brand extensions, is the topic of co-branding - a branding method that since its introduction has become increasingly popular. The list of secondary associations by Keller presented in the section above, illustrated how interaction between brands can leverage the brand equity of one *or both* the brands; which is exactly what co-branding seeks to achieve.

Brand alliances and co-branding in general is no new aspect in the world of branding; the ways in which it is applied have however evolved in recent years. Traditional brand alliances was typically between brands within the same industry, e.g. different companies within the food or snack industry would combine products. Examples of such are the collaboration of McDonalds and Nestlé in periodically launching products like the McFlurry with Smarties. A example could be that of Marabou and Daim. Both examples are illustrated below.



Fig. 5 - Examples of Co-Branding, Source: Own creation

In recent years, co-branding between companies and products within widely different industries have become popular. An example of such is the strategic alliance of Starbucks and Apple in 2006; in which popular music from Starbucks cafes became available in a special feature in iTunes⁵. On first glance, an alliance such as this seems to lack fulfilment of the criteria of fit and transfer between products - described in section 4.4.1.

However, if the transfer is focused on the *intangible aspects* of brands and brand identity - an alliance such as that of Starbucks & Apple starts to make sense, as many of the secondary associations and the extended identity are focused on the lifestyle and image of its consumers. The result is a fit between the *brand identities* rather than a fit between products. In recent studies Batra et. al. empirically illustrate this point.

4.5 Corporate vs. product brand building

It is clear that the sections of traditional branding covered so far have distinguished between internal, external, primary and secondary brand elements. Furthermore, theories of Aaker and Keller described how these traits were associated with the physical product as well as brand intangibles. In recent years the term of corporate branding has been gaining a foothold as general theoretical term that covers all these aspects of branding.

It is evident that the term of traditional branding used throughout this thesis is *not* just defined as being focused on product branding - the theoretical paradigm encompass several aspects relating to the holistic and identity based view on branding; which further underlines that the following theoretical proceedings concerning contextual branding is *not* to be perceived as an

⁵ <http://www.apple.com/pr/library/2006/oct/05starbucks.html>

alternative theory, but rather as a evolutionary theory - derived and created from principles according to "modern traditional branding".

This section concludes the sections concerning the presentation of "traditional branding". The subject of branding is as mentioned earlier a vast theoretical subject. The choice of theoretical topics presented is a result of the my assessment of relevancy in connection with the general topic of this thesis.

In addition, the topics of the theoretical sections so far, was chosen due to their relevance to the second main theoretical aspect of this thesis - Contextual and Iconic branding

5. Contextual iconic branding

Previous sections have sought to describe general aspects of traditional branding. The proceedings in following sections are somewhat different. These sections are dedicated to describing the concepts of *one* recent branch of branding - namely contextual iconic branding. Although contextual branding should be considered as an independent theoretical framework, the reader must keep the aspects of traditional branding in mind - as it is from these that the theories of contextual branding has emerged. The core theoretical aspects of contextual branding presented in these sections, are those presented mainly by Douglas B. Holt, supported by additional theoretical aspects.

In accordance with the previously described general research method of this thesis in section 2.2 - the purpose of the following sections is double sided, as they serve the purpose of providing the necessary theoretical insight needed to identify relevant empirical cases - as well as serving as the theoretical tool by which these cases are later analyzed.

5.1 Icons as brands and brands as icons

Naturally, the development in branding has always been closely related to that of other schools of academic research and social science. It can be argued that the first seeds of a need for a different type of branding were already planted by Levy in the 1950's with his notion that the product no longer was the only entity consumed - symbols and brands were perceived as equally important (Levy 1959). The scope of branding has been increasing ever since, encompassing both the marketplace and the social landscape, transforming such into a commercial "brandscape" (Salzer-Mörling & Strannegård 2004).

One of the most recent and complete theories based on these "new" views of consumption and branding, is that of Douglas B. Holt - concerned with contextual branding.

Contextual and iconic branding as presented by Holt has its offset in the notion of icons and exploration contextual and cultural trends.

History has shown that cultural icons can be anything or anybody - ranging from persons such as Oprah Winfrey, David Beckham or Barack Obama, to companies such as Virgin, Nike, Apple and even buildings such as the Statue of Liberty or the Empire State Building. In other words - icons can appear in any form within any given context. The typical dictionary definition could be: "*a person or thing regarded as a representative symbol, especially of a culture or a movement; a person or an institution considered worthy of admiration or respect*" (Oxford English Dictionary 2010), which put short, according to Holt, could be expressed as "*...cultural icons are exemplary symbols that people accept as a shorthand to represent important ideas.*" (Holt 2004) These definitions gives an impression of the potential impact on consumers, but no clue as to how such icons are created, maintained, exploited; and of special relevance to the subject of this thesis - how this relates to branding.

The existence of icons dates back as long as human history. Originally, icons were created as products of religion and myths. But as with the subject of branding; the catalysts behind the emergence of icons have undergone drastic evolution (Holt 2002, 2004). From being the products of myth and religion, - to becoming precisely calculated commercialized products, appearing in most industries, ranging from sports to politics.

Academic research of culture, anthropology, sociology and history have analyzed *why* icons have come to posses such massive importance in societies all over the world. Amongst the results was the notion of how cultural icons imply and carry certain cultural stories; defined by Holt as identity myths (Holt 2004); myths that consumers use to address and identify with in order to define and justify their own personalities and identities. Hence, the value of icons resides in the symbolic value. The research of Holt seeks to illustrate why and how some of the most successful brands in the world have been build and commercialized in accordance with century old principles of icons (Holt 2002) – **Enter icons**

5.2 The contextual definition of a brand

In contradiction to the fundamentals of traditional branding, contextual branding does *not* consider names, logos and design as elements of a brand; these are mere empty markers (Holt

2004). A brand does not truly exist in a given context or in the minds of consumers before these physical markers are filled and associated with stories, myths and consumer experiences. Holt generally defines four sources from which such stories and myths are generated:

- Companies
- Culture Industries
- Intermediaries
- Consumers

Furthermore, he states that marketers and researchers in general perceive branding as a psychological phenomenon - solely based on the *individual* assessment of the given product or brand. In the world of contextual branding, the strength of a brand reside in the *collective* denominators of such perceptions; hence it is the general context in which a brand resides that becomes dominant in the relationship with consumers - **Enter context**.

Having showcased the importance of **icons and context**, a general term for further use in relation with this thesis can be defined. For the sake of simplicity, the term contextual branding will be used henceforth, and should be perceived as a holistic theory regarding the aspects of contextual, iconic and cultural branding.

5.3 The contextual strength of brands

While agreeing on the general benefits associated with having a strong brand, the theoretical paradigm of contextual branding has a different assessment of what the catalyst for reaching such benefits are, as well as how weak or strong brands are defined.

Researchers in traditional branding agree that the strength of a given brand can be defined by the term brand equity - previously described in section 4.1. However, Holt defines the strength of a brand by the term identity value (Holt 2004). This term describe the degree to which a brand is perceived as important in relation to the identity of a given consumer. This concept - as presented by Holt, results in a classification of brands, ranging from identity brands to genuine cultural icons. This framework is seen in figure 6.

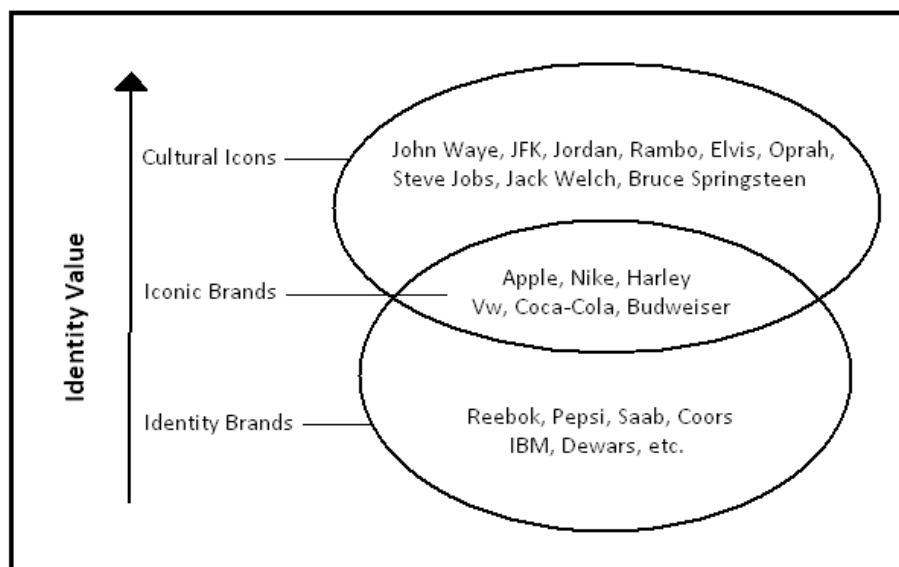


Fig 6, Iconic brands are brands that have become icons, source: Holt 2004, p. 4

It is evident, that this framework does not encompass all brands - seeing as identity brands illustrated in the bottom, are still considered more valuable than conventional brands - hence, the theoretical paradigm presented in these sections, should be considered as a theoretical tool for analyzing why certain brands perform *exceptionally* well under different contexts - even a financial crisis.

By definition, a brand becomes an identity brand as soon as consumers value the brand for what it symbolizes, rather than for what it does. An example of which is when consumers visit Starbucks in order to feed of and portrait the lifestyle that emanates from the restaurant and the concept of a third place⁶. The brand becomes an object by which consumers seek to create their desired identity - by "clothing" themselves in the myths, associations and values of the desired brand (Holt 2004).

In line with the theoretical views of Holt, Fournier (1998) describes how the perception of brand identity should be taken one step further. According to Fournier, a brand should be perceived as a person with whom consumers have a relationship.

If successful, the best of brands communicate so much identity value, that they achieve iconic status - see fig. 6. Once iconic status is achieved, the given brand is seen as an institution in

⁶ The concept by which Starbucks define themselves and their restaurants; not at home, not at work - but somewhere in between.

society from which myths and identities are created and "fed" on by not only consumers, but also smaller and less significant brands.

Having established the contextual and cultural concept of a brand, it is interesting to examine and define the factors and processes by which iconic brands are created - which is essential for identifying and analyzing the empirical cases in later sections.

5.4 Building Iconic Brands

The following sections seek to provide an overview of the elements of brand building within the theoretical paradigm of contextual branding. As seen in fig. 6, the basis of all iconic brands is the notion of identity value - for which the actual physical product has no significant importance; identity brands compete on myth markets (Holt 2004). To many marketers and researchers, this is a controversial statement, which from a traditional theoretical point of view is hard to grasp; how can major brands be build on cultural briefs, contextual contradictions, fictive myths and stories? To understand this, one must first understand why such factors have become so appealing to consumers, shifting of the "arena" of competition towards myth markets.

5.4.1 The structure of myth markets

Myth markets is the stage upon which identity brands compete (Holt 2004) - the structure of these is unlike that of any traditional markets, which are often defined by either products or/and industrial clusters (Porter 1998). Myth markets are defined as being composed by three separate "building blocks": *National Ideology*, *Cultural Contradictions* and *Populist worlds*. The structural interaction of these is seen in fig. 7.

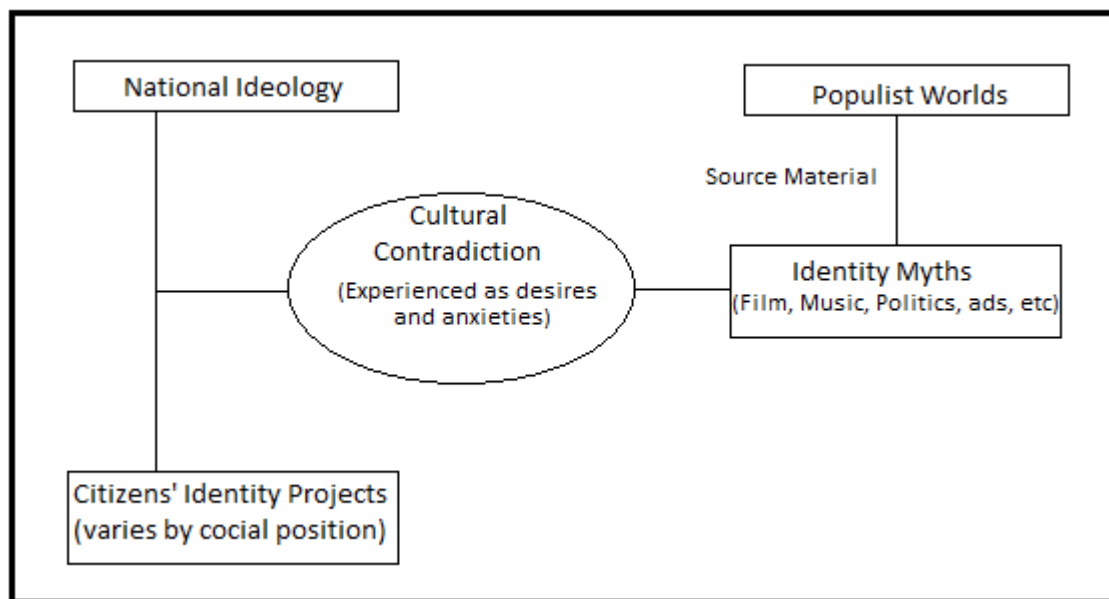


Fig. 7, The Structure of a myth market, Source: Holt 2004, p. 58

In order to understand the implications of the interaction of the three "building blocks", one must first understand the concept of these.

5.4.2 National Ideology

The nationality of a given brand is extremely important, as this implies more associations than just those of flags and languages. Nationality imposes a general framework, including a moral consensus, institutions and different sets of values - by which the rooting factors in the identities of the inhabitants and consumers are defined (Holt 2004).

The nationality is by Holt considered to be the fundamental aspect in forming the general moral imperatives, that propel people and consumers to pursue national goals as they seek to create identities that meet the society's definition of success and respect. These findings are supported by Batra et. al. (2009) according to whom the nationality of a given brand greatly influence the choices of consumption made by consumers.

Expressing a national ideology is not a question of declaration; - the ideology of a nation is created and maintained by a number of often critical historical myths - of which the most important are the ones that are concerned with how citizens are linked to the so-called "Nation building project" (Holt 2003, 2004). This is important not only in relation to the citizens of a country, but also to the creation of the "external national ideology" with which foreign consumers might choose to identify (Batra et. al. 2009; Holt 2004)

The conceptualization of the importance of national identity might seem somewhat abstract. An example, is that of the American national ideology.

Few people can claim *not* to have associations of USA when confronted with names and brands such as Coca-Cola, McDonalds and Ford. These iconic brands all tap into the national identity of USA in their own ways; e.g. the history of Ford portray the national values of individual success, manhood and superior industrial power (McGraw 1997) - resulting in a conscious and unconscious association between brand and national ideology. However, such associations does not appear out of thin air; they are the results of cautiously planned marketing and the creation of myths; - myths that throughout time have become part of the national ideology itself and thereby seen as authentic.

As mentioned above, some myths created and aspired by major companies, can if very successful be traced in the national identity of a given country. According to Olins (1999), such occurrences are atoned to the phenomena by which companies and nations are trading identities with respects to branding. The reasons for this recent development, are according to Olins that major international companies are still growing in power and influence. At the time of his research (1999), Olin found that 46 out of 100 of the world's largest economies were companies *not* nations. Secondly, due to the increasing rate of globalization and international competition, nations are forced to focus on inward investment, tourism and export (Olins 1999). Hence soft areas such as social security and responsibility are now being addressed by companies at an increasing scale.

It is safe to say that nations and companies are dynamically interdependent and that national identity is important in all contexts.

5.4.3 Cultural Contradictions

The ways by which the identity projects of consumers relate to national ideals vary greatly within different societies in any given context. Nowhere is this more evident than in the USA. Few would agree that the perception of the definition of the national ideology by an inhabitant in Eureka Springs AS⁷ is the same as that of an inhabitant in New York City. The reason *why* the different individual identities in the country relate to the national ideology, is according to Holt due to the existence of so-called *cultural contradictions* (Holt 2004, 2003).

⁷ Small town in Arkansas, chosen randomly but specifically to represent a typical small "hillbilly" town

Cultural contradictions are the results of the demand for a symbolic resolution needed to help "smooth" the tensions in the process of creating identities. In other words; cultural contradictions help fuel myths designed to justify the individual identity in relation to the national ideology - hence its position in the myth market framework, see fig. 7. Cultural contradictions play a central role in the creation of myths in society. But as with most concepts in the world of branding, cultural contradictions evolve and change over time - thereby changing the associated myths within the context; which in return fuels the need for a constant dynamic focus in order to maintain the desired position within the cultural brief and populist world.

Such changes are eminent when so-called cultural disruptions occur. Cultural disruptions are major changes in the contextual environment that changes the general consensus and in some cases even national ideologies (Holt 2004). An example of such a disruption is the ongoing financial crisis. This crisis has changed the way most people perceive the financial context. Thus, cultural contradictions within this paradigm are perceived as threats *as well* as opportunities.

5.4.4 Populist Worlds

Whilst cultural contradictions serve as an intermediate in the interactions between the individual identities and ideology; populist worlds serve as the raw material from which myths are built. Holt defines a populist world as: "*... groups that express a distinctive ideology through their activities*" (Holt 2004). Populist worlds are considered as "potent cultural institutions" due to the degree of authenticity they emanate to the "outside world", which stems from three different characteristics (Holt 2004, 2002):

1. Populist worlds are folk cultures- voluntary and not imposed.
2. Activities in populist worlds are intrinsic valuable to the participants; hence the value perceived is not regarded as external benefits or the like.
3. Populist worlds are set in places removed from politics and commerce, hence removing the doubt of an alternative agenda.

These three points all add to the perception of authenticity, but as populist worlds grow, so does the attention they get and their commercial potential; often resulting in a conflict in point three above. A perfect example of where such developments and deterioration of populist

worlds take place, is within the music industry. Here, previous underground bands lose their authenticity as their popularity grows and leaves them "mainstreamed"

In relation to populist worlds and the internal structure of consumer groups, Holt define three different groups of consumers surrounding brands (Holt 2004): Insiders, followers and feeders. These three groups all interact, draw upon, and contribute to the context surrounding a brand. Furthermore, the *internal* relationship between these groups is also highly influential on the surrounding context - thereby affecting the creation of myths and the degree of loyalty these impose. Figure 8 and the following sections below illustrate the importance of these three constituencies.

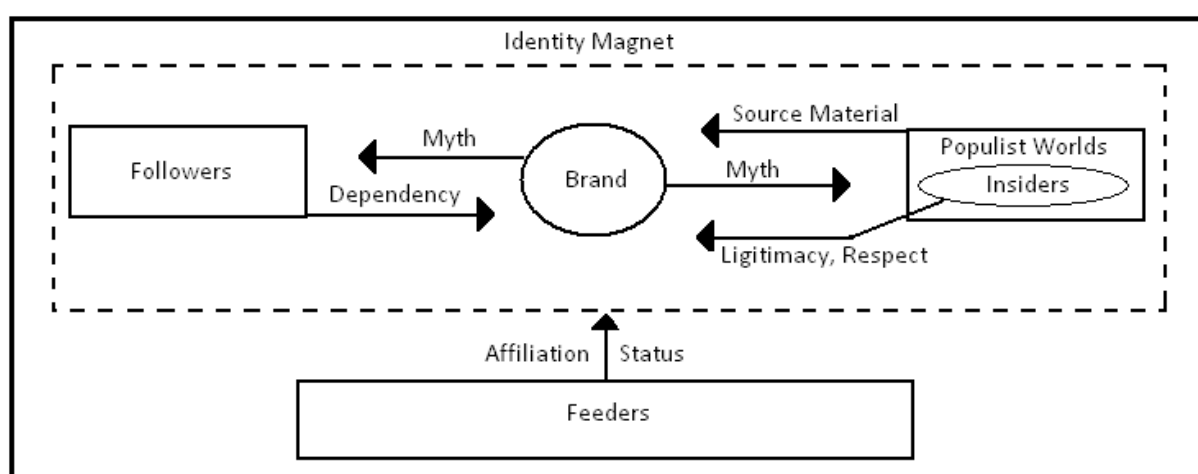


Figure 8, Brand Loyalty is a product of the social network, Source: Holt 2004, p. 140

Followers

Followers are within this terminology considered as the group of consumers which identify with the myth of a brand the strongest. This group relies on a given myth to satisfy their everyday desires and anxieties (Holt 2004). As a result of this dire need for myths, followers become dedicated and infatuated with the target or provider of myths - the brands. The followers constitute much of the basis for the iconity of brands - and their degree of loyalty is substantial. However, they are not to be considered as blind followers - they only turn to a given myth for identity value as long as such is considered authentic in their social context.

When contexts change and shirk, so does the desires and anxieties of the followers.

What was previously considered morally correct and authentic in a community of followers, can turn around in a short span of time. When using these theories for identifying and analyzing empirical cases in later sections, it is important to acknowledge and consider the

fact that contextual changes such as a major financial crisis can have a major impact on the contextual environment surrounding a brand.

Insiders

As seen in figure 8 above, a second important group of consumers in a brand's vicinity, is the insiders. As the name suggests; insiders are the "gatekeepers" or/and founders of populist worlds. Seeing as brands usually seek to tap into existing populist worlds, the interaction between brand and insiders is crucial; foremost due to the fact that the loyalty of followers depend on the accept of the brand by the insiders of the given populist world, as it is these that provide the authenticity on which the brand and its associated myth is dependant.

Holt conducted an empirical study of the brand of ESPN, in which the separation of insiders and followers was especially clear; furthermore, insiders only accounted for around 10-20 % of the consumers, who were viewed as experts in sports by their immediate surroundings, and *"Insiders work extra hard at their mode of watching sports to build a boundary between themselves and mere spectators."* (Holt 2004).

Hence the intrinsic value enjoyed by insiders, is a result of their exclusivity and role as experts. When a populist world becomes "flooded" or overpopulated, these statuses disappear deteriorating the authenticity of the populist world, damaging the associated myths.

Feeders

Feeders is the group of consumers that Holt denotes as the *"cultural parasites"* (Holt 2004). They thrive superficially on the values and social status of a given icon or populist world. In other words, they emulate membership of a given populist world, and are therefore loathed by the insiders who created it.

Feeders are the most profitable group of consumers in the brand community. They stay loyal to the brand as long as the identity value of such is sufficient. It is evident that Holt's definition of a brand community differs from that of Muniz & O'Guinn (2001) in the sense that his definition of the different groups *within* a community provides valuable explanatory information on the interaction between the different constituencies; the value that each constituency finds in the brand also relies on the relationship of the other two.

Feeders stay loyal as long as the followers bestow the brand and myth with identity value; in return, followers only do that as long as the authenticity of the insiders is preserved. Although insiders resent the idea of having their populist world invaded, they also rely on the feeders and followers to provide the status and feeling of being experts.

According to Holt and Muniz & O'Guinn, brand communities are bestowed with the potential to enhance the loyalty of costumers. Thompson & Sinha (2008) have taken the study of the implications of such loyalty one step further. Their study examines the effect of loyalty in the opposition to opposing brands and products, as well as new products from the "admired brand" (Thompson & Sinha 2008). They found that longer-term membership of a brand community increase the likelihood of opposition against competitive brands, and increase the rate of acceptance of new products from the admired brand. These findings are compatible with Holts definition of the three different consumer groups above; assuming that the term of membership in a given community- or populist world by an "insider" is considerably longer than that of a "feeder".

Furthermore, Thompson and Sinha examined the effects of overlapping memberships in different brand communities; something not quite captured by the previous studies by Holt and Muniz & O'Guinn. Surprisingly, they found that higher participation in overlapping brand communities might actually increase the likelihood of adopting products from rival brands (Thompson & Sinha 2008). This is due to factors like broad brand knowledge; and more importantly- overlapping identities (Brown 2000). The existence of such can prove hard to uncover through market surveys but remains something that brand managers must consider nonetheless.

The complexity of the interaction and behaviour of brand communities and the imbedded groups of consumers, entails that in order to be successful over a longer period of time, a company must continuously adapt and shift their associated myths so that the exclusivity of the populist worlds is not forsaken.

5.5 Culture, consumption and the transfer of meanings

It is evident from the description of contextual branding so far, that the theoretical paradigm has abandoned classic assumptions of economical behaviour and Homo Oeconomicus; and that the true value of contextual branding according to Holt, lies in the alignment and transfer of associations, meanings and values between cultural and contextual institutions, the brands and consumers.

Such conceptualization might seem somewhat abstract, in the sense that it offers scarce insight as to *how* such successful transfers take place and *why* such create so immense contributions to the potential value of and loyalty to a brand.

The research by Grant McCracken offers such insight into the mechanics of the underlying factors of contextual branding; the following sections are dedicated to illustrating this.

5.5.1 The significance of culture

"... man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretative one in search of meaning." (Geertz 1973). This quote by Geertz illustrate McCracken's' view on the significance of culture. Whereas Holt's full attention is on the concept of branding, McCracken is concerned with material culture and the relationship between culture and consumption - thereby adding unique complementary knowledge to the framework of cultural and contextual branding.

The general conception of McCracken is; that culture is the lens through which we perceive the world; culture constitutes the world for inhabitants by adding relative cultural categories and significant meaning. He perceives a brand as a bundle of meanings, organized in relation to these categories (McCracken 2005).

The concept of cultural categories is important in understanding the mechanics of contextual branding and transfer of meanings. According to McCracken, each culture creates and defines unique cultural categories, which are then realized and enforced by unique patterns of consumption, e.g. clothing, food and transport etc. (McCracken 1986, 2005). The reason as to why certain objects enforce and define the existence of cultural categories is the concept of meaning transfer.

5.5.2 Meaning Transfer

In the process of justifying the culture of material consumption, Grant McCracken relies on his model of meaning transfer - by which values are transferred from culture to products and from products to consumers. The concept of meaning transfer is not a new one; and the theoretical perspective of McCracken's model is much like that how meanings are transferred in the course of semantic compositions - in the sense that it relies mainly on the notion of "*cognitive linguistics*"

Whether it is culture or words, the transfer of meanings can be summarized as: *"... they enable us to identify one thing in virtue of its relation to another..."*(Nunberg 1995, p. 1).

The general model of cultural meaning transfer presented by McCracken is presented below in fig. 9.

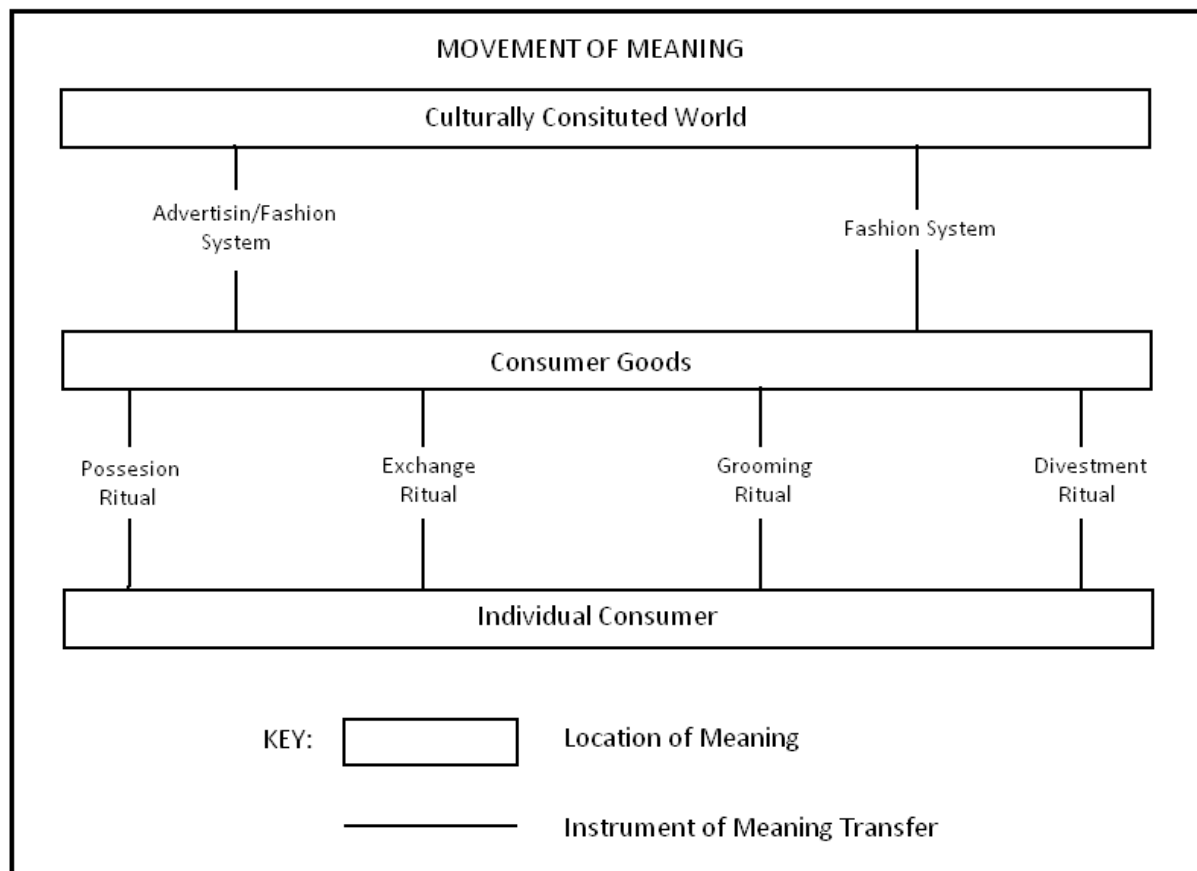


Figure 9, Meaning transfer Model, Source: Adapted from McCracken 1986

As seen above, meaning is transferred from objects by what McCracken denotes as different instruments. The brand or product obtain values from its object or context of choice by advertisement and the use of so-called "*fashion systems*" - a concept proposed by Roland Barthes in the late 1960'ies.

This term explained how, in the fashion world any word could be loaded with idealistic bourgeois emphasis; thus, if a person of admiration or fashion in general express enthusiasm or admiration of a certain item, that item will instantly be accepted and naturalized. Companies can take advantage of such fashion systems which are self-sustaining through time.

The purpose of advertising and market positioning in the theoretical paradigm presented by McCracken is crucial; the sole purpose of advertising is to portray and enforce values rather than traditional product information. This is also evident in McCracken's conceptualization of the two different marketing paradigms, - the information model and meaning model (McCracken 1989, 2005).

The difference between the two is essential and likewise applicable to the general paradigm of contextual branding as presented by Holt. The key points of these two paradigms are seen in table 1 below.

Meaning Model	Information Model
<ul style="list-style-type: none"> • Consumers have cultural projects embedded in contexts • The context is defined by cultural categories • The identity project of consumers is ongoing throughout life • Projects and context are dynamically changing • Cultural meanings in and around products constitute the cultural context of consumption 	<ul style="list-style-type: none"> • Consumer is focused on information and logical decisions • Choice of goods based on rational information assessment • Consumers ignore cultural context • Model ignore the cultural projects of consumers • Is based on benefits and economical rationality

Table 1. Meaning vs. Information model, Source: Adapted from McCracken 1995, 2005 and printed notes from the course: Kontekstuel Branding at CBS.

Having established the importance of meaning, values and identity, it becomes evident that any brand can be charged with any meaning - by which the brand is reduced to an empty marker; much like the status of products in the views of Holt presented in section 5.2. However, the process of endowing a brand with different meanings entails a large array of considerations and limitations regarding *meaning management*.

Managing the meanings of a product or a brand does not only imply the need for control of a dynamic output in the form of an appropriate fit; the sources from which meanings are drawn are equally abundant and complex.

The meaning transfer model imply a complex relationship between consumer and brand - much like that described in general by Holt and Fournier, the latter also express the importance of realizing that the transfer of meanings moves both ways, resulting in confusion of who defines who; the consumer or the brand. The general model as proposed by McCracken assumes a top down perspective - from culture, to product, to consumer. Thompson & Heytko (1997) criticizes the model on this point and argues for a bottom up perspective, by which consumers become active participants in creating and maintaining

cultural meanings; which given the existence and importance of the previously mentioned brand communities seems justifiable.

Having established the vast potential and complexity of meaning management in relation to branding, the task of conceptualization remains; as mentioned previously - and as seen in fig. 11, the transfer of meanings from a contextual object to a given product can be done with advertising. One particular relevant instrument related to this, is celebrity endorsement.

5.5.3 The identity value of celebrity endorsement

"... The argument is that the endorsement process depends on the symbolic properties of the endorser" (McCracken 1989).

McCracken's views on celebrity endorsement are based on social science, and in its core sense it is concerned with explaining why certain endorsers appear persuasive whilst others fail to do so (McCracken 1989, 2005). Hovland & Weiss (1951) suggests that the degree of persuasiveness of an endorser rely on the degree of "*expertness*" and "*trustworthiness*" of the endorser if seen through the eyes of consumers (Hovland & Weiss 1951). In addition to relying on communicational studies; the meaning transfer model of McCracken draws upon the theoretical paradigm of social psychology and the research of McGuire et. al. in which the effectiveness of a given message is defined and scaled according to the attractiveness of the source - given the context for which the symbolic message and meaning is intended.

Applying key points from both the source credibility *and* the source attractiveness models, McCracken presents a complete model of celebrity endorsement and meaning transfer.

Based on the points of meaning transfer covered by this thesis so far; it is tempting to assume that the hardest part of the meaning transfer process is the actual transfer of meanings by use of advertisement and other instruments. Although this might very well be true, the *success* of the brand given this transfer, is dependent on several factors more complex than the simple use of advertisement or identifying and exploiting a given fashion system. One of the most important of such factors or tasks is the identification and deciphering of the entire set of values or meanings associated with an object or a celebrity.

Besides the more simple categories such as demography and lifestyle, the personality is harder to define. Celebrities that are prone to appear in "typecast" roles have public personalities that are easier to define, and the identification of the desired meanings is easier;

hence increasing the endorsement potential of such typecast celebrities (McCracken 2005). An example of such could be Sylvester Stallone, whose public personality given his extreme degree of typecasting, is centred on manhood, strength and the USA. Considering the complex sets of values of celebrities, meaning management implies control of input values as well as output.

5.6 Branding as storytelling

Having illustrated that culturally constituted myths and the transferring of meanings from these are some of the central drivers of contextual branding, this section combines the two - describing how brands can be seen as both the authors and participants of socially and culturally constituted stories.

The notion that brands contain, and are marketed by the use of stories is not new. Salzer-Mörling & Strannegård (2004) describe how such storytelling when viewed traditionally imply the existence of dynamic stories in which the companies or the brand is the sender, and the consumer the receiver. Fog, Budzt and Yakaboylu (2002) illustrate how the composition of such stories is not far from the traditional composition of fairytales, implying 4 elements, *Indented message, fictional story, conflict* and *a cast of roles* (Fog et. al. 2002)

Abandoning the traditional conception of these stories as being static, and implementations of the key points of contextual branding and meaning transfer; it becomes evident that modern consumers seek to become participants of such stories rather than mere recipients.

5.7 Contextual branding - a natural development?

The content of the sections concerning contextual branding above, describes in short the key elements of contextual branding; revealing a complete theoretical paradigm *based* on the concepts of traditional branding but completed and presented by the use of key elements from the theoretical perspectives regarding cultural studies, icons, myths, storytelling, meaning transfer, identity creation and celebrity endorsement; all of which adds to the unique theoretical disposition of contextual branding.

"Since the late 1980s, brands have gained centre stage in marketing and in the managerial discourse. From having been a mere marker that identifies the producer or the origin of a product, the brand is today increasingly becoming the product that is consumed"(Holt 2004)

The quotation above describes this evolution within branding as seen by Holt. Despite the shared consensus of general benefits and the importance of brand management; traditional branding and contextual branding differ in many ways. The ongoing financial crisis offers an excellent opportunity to test if either of the two general theoretical paradigms presented in this thesis so far, proves advantageous.

Traditional branding with its cognitive and logical approach - in which the product still represent an important asset - leveraged by key terms such as brand equity, is opposed by the modern concept of contextual branding, in which the product has little or no importance; what does matter, is the *identity* of the brand.

Is Contextual branding nothing but a natural theoretical development? - In order to asses this; a theoretical comparison must be made.

The following sections seek to compare the strengths and weaknesses of traditional and contextual branding in the light of the financial crisis and the current context, in the attempt to establish a sound theoretical framework for identifying and explaining empirical cases in latter sections.

PART 3

6. Composing the theoretical framework

According to the chosen method and research approach, the purpose of the previous sections was to present a complete theoretical foundation on which a more precise theoretical framework for further analysis could be derived.

Given the scope of this thesis; only a limited number of theories concerning branding were chosen due to their relevance to examining *if* and *how* the brands of some companies perform extraordinarily well during times of cultural disruptions and how such could prove advantageous during times of crisis.

6.1 A General theoretical comparison

Having presented what I consider to be the cornerstones of traditional branding and contextual branding; it becomes evident that solely relying on either of these for further analysis would be disadvantageous and could potentially lead to biased results.

It is not as much a choice of a distinctive theory as it is a choice of perspective.

Is a brand a "lifeless artefact" or indeed a "living entity"?

Hanby (1999) assesses this question assuming similar views as of this thesis, by describing a "classic" conceptualization of a brand, based on the original definitions as presented by the AMA - see quote in section 3.0, and a "new" conceptualization of the term branding assuming the importance of identity and social interaction.

However, he places the views of academics such as Kapferer and Aaker within the new concept of branding (Hanby 1999), whereas I, in previous sections have placed these in the "traditional" theoretical paradigm.

I believe that previous sections have illustrated a difference not only in the concept of a brand, but also the concept of identity. Whereas Aaker might be amongst the first to realize the importance of the identity of brands, it is evident that his views of such are based on a static perception, in which a brand's identity is fixed and maintained throughout time (Aaker 1996; Aaker & Joachimstahler 2002). This is contradictory to the new contextual perspective of branding assumed in this thesis, in which the focus of identity and cultural meanings are defined as being dynamic - and to a greater extent correlated with contextual changes. Hence, the perspective assumed in defining the difference between the perspectives applied in this thesis is closer to those illustrated by Csaba & Bengtsson (2005); by which the identity of a brand is defined as collaboration between brands, companies, contexts and consumers.

Bearing the different ways in which the theoretical paradigms can be defined and separated, a differentiation can be made.

Table 2 below illustrates the differences in perspective by the two different conceptualizations of branding presented in this thesis so far.

	Traditional Branding	Contextual Branding
Theoretical background	<ul style="list-style-type: none"> • Historical theory - physical markers of separation and ownership. • Many theoretical approaches, most of which relate partly to cognitive psychology, and partly to logical/functional decision-making. • Compete in traditional markets • Specific approach addressed in this thesis is focused on customer behaviour and psychology, see section 4 • Focuses on product and/or identity branding from a static perspective. 	<ul style="list-style-type: none"> • Recent theory - studies of the implications of the cultural and contextual identity of branding. • Few theoretical approaches, sociology, cultural studies and psychology. • Compete in myth markets • Focused on customers, however from an identity-based point of view, rather than a logical or behavioural point of view.
Key Concept	<ul style="list-style-type: none"> • Brand Equity - Can be conceptualized and measured by three different theoretical approaches. The cognitive psychology approaches of the CBBE and Aaker framework are focused on defining brand equity as the extra value that consumers associate with a branded product when confronted with an unbranded product. Can be measured and assessed in various ways - depending on the underlying theoretical assumptions, e.g. by product, consumer or financially 	<ul style="list-style-type: none"> • Identity value - Describes to what degree a given brand is perceived as important in relation to the identity of a given consumer. The degree of identity value defines the contextual strength of a brand - ranging from identity brands to full-fledged cultural icons.
Value Proposition	<ul style="list-style-type: none"> • The value reside in the physical markers, primary and secondary associations. • The brand is connected with one or more products, hence the value perceived by consumers is connected with product attributes <i>and</i> brand associations 	<ul style="list-style-type: none"> • The value of contextual branding, resides solely in the meanings, values and myths associated with the brand. • Consumers are not concerned with the attributes of a given product; they care instead for the identity value of a brand, supplying the fuel for their identity projects. • The brand is what the consumers perceive as valuable - <i>not</i> the products <i>backed</i> by brands.
Tools for brand building	<ul style="list-style-type: none"> • Product design • Physical markers and recognition • Co-branding • Brand extensions • Advertising etc. 	<ul style="list-style-type: none"> • Exploitation of cultural briefs, contradictions and trends • Myths and storytelling • Meaning-Transfer • Endorsement • Advertising etc.

Table 2, Theoretical comparison, Source: Own creation

The contents above, illustrates the perceived advantages of the two perspectives described so far. To solely rely on either – or a fixed combination of the two, would be a grave mistake; if corporate history has taught us anything – it would be the need to adapt to the ever changing conditions of competition and consumption.

Furthermore, it is evident from previous sections that the degree to which contextual branding is applicable are highly dependent of the line of business – which is referable to the same conditions surrounding brand extensions within traditional branding. This is kept in mind when analyzing empirical cases in later sections.

Many of the previous sections have been concerned with exemplifying the importance of a focus on context; ironically such a dynamic focus on context will undoubtedly demand new theories and strategies - leaving the ones connected with such a focus obsolete; to brand successfully is *creative destruction* at its best⁸.

The financial crisis of 2008 represents an interesting new context in every aspect; the theories and strategies of contextual branding have never been tested in such an extreme contextual climate.

Since mid 2008, the gaze of researchers, academics and businesses alike has been focused on the topic of financial crisis - a crisis that has been and still is an undeniable reality, regardless of whether the definition of such is in accordance with that of NBER⁹. As it has been the case throughout history, academic research has come up with different reasons for the economic development; theoretical as well as empirical. I believe, that historical studies only offer explanations – not solutions. Many would call such a perspective ludicrous and ask the obvious question: “*how do you know where you are going if you don’t know where you came from?*” The answer to this is simple; “you read the signs along the way; and if you keep looking in your rear mirror you are bound to crash at some point”.

I believe that an ongoing focus on the importance of social, behavioural and psychological aspects of consumption are often neglected or otherwise discarded with regards to the search of explanations and solutions for e.g. the financial crisis.

⁸ A term that describes the way in which new inventions and ideas leave others absolute - amongst which are the one that fuelled such new inventions.

⁹ National bureau of economic research

Economic crises have been - and will always be a potential threat; once again the current crisis has proved that a historical perspective and past solutions does not suffice; nor do they prevent future crises.

Comparing the ongoing financial crisis with the great depression, and trying to compute why instalments and safety regulations such as the Basel I and II did not suffice, provides valuable retrospective information. However, this does not prevent history from repeating itself.

6.2 Consumption is the key

Consumption has been - and always will be the driver for economical growth. Recent developments within this field are interesting in relation to the topic of branding.

It is striking how studies and research concerning the drivers behind consumption has neglected the importance of social and cultural studies (Miller 1995).

The following quotation of Russel W. Belk, describes the way in which marketers have studied consumption throughout history:

“Marketing academics studied consumers as fishermen studies fish rather than as marine biologists might. Within this micro perspective consumer needs were seen as innate rather than socially constructed or marketer influenced, and marketers sought to “hook” consumers by offering a product or service that met these needs better than competitors’ offerings. Thus, the initial consumer research within these marketer departments stressed the objective product and service benefits and did not stray far from the concept of rational economic man” (Belk 1995).

I believe that the description of the historical research of consumption above fits the description of traditional branding - see table 2. Despite being focused on the behaviour of consumers, the traditional perspective seeks to explain tendencies in the behaviour of consumers by applying psychological and behavioural theories focused on the study of the *individual* consumers, rather than realizing the importance of social relations – as contextual branding does.

Applying the previously mentioned studies of McCracken further underlines the importance of consumption, not only by the obvious link with the sales of companies – but equally its importance in defining and deciphering culture. Consumption is no longer a matter of defining and mapping the rational decisions of consumers.

It could be argued that the patterns of consumption in the western world are in line with many of the predictions by Gilmore (1999) of the so-called "experience economy" - assuming that the level of service has peaked, and that the product of the future is the consumer him/herself; in the sense that we will see a greater personal and emotional involvement.

This in my opinion is evident in the current western society. Alternative futuristic views such as "The Dream Society" (Jensen 1999) and "The Entertainment Economy" (Wolf 1999) both illustrate the same tendencies - underlining important developments; some of which were predicted decades earlier - as seen by Levy's assumptions of a noneconomic symbolic consumer (Levy 1959). Consumption; or the value that consuming certain products emanate, has in some cases become the product or reason for consumption in itself (McCracken 2005). Given the close link between consumption and branding – it is only natural that theories and research concerning such, illustrate the same development; represented by the shift from traditional branding towards contextual branding. The table below clearly illustrates how the developments within the studies of consumption are directly transferable to those of branding.

Old Perspective	New Perspective
Positivist <ul style="list-style-type: none"> • Experiments/surveys • Quantitative • A prior theory • Economical/Psychological • Micro/Managerial • Focus on buying • Emphasis on cognition • American 	Non positivist <ul style="list-style-type: none"> • Ethnographies • Qualitative • Emergent theory • Sociological/Anthropological • Macro/Cultural • Focus on consuming • Emphasis on emotion • Multicultural

Table 3, Old and new perspective of research within consumption, source: Russel W. Belk 1995

If compared with table 2 it is evident that many points are directly transferable between the two. However, I find it *even* more interesting that both contextual branding, as well as the new perspective of consumption research, should be considered as natural evolutions of prior theories, rather than replacements or opposing theories. I believe that one of the most dominant factors advocating such developments is the fragmentation of culture and the

importance of symbol over substance supported by researchers such as Harvey (1989), Connor (1989), Miller (1995) and Campbell (1995).

Having established the important relation between new theories of consumption and contextual branding, it is interesting and necessary to examine why - and if a focus on these factors should prove advantageous during a financial crisis.

6.3 The importance of needs and identity

The notion that a strong brand should prove advantageous during crises was - as seen in section 4.1, one of the proclaimed advantages of brand equity. This is a very general assessment - one that I beg to differ.

Upon studying the subject of branding and the major impact it has on the behaviour of consumers, I believe that a general consensus of “traditional branding” is that; it is the *strength* and exposure of a brand that matters - not to the same extend the symbolism and the stories upon which the brand is built. Combining these traditional views with the trends of consumption and the study of such in previous decades, I do not doubt that brands such as McDonalds and GM *have* thrived; but as drastic changes in the context occur- in this case the financial crisis, these industrial giants struggle.

Researchers and academics agree that branding during a financial crisis such as this is a golden opportunity to capture market shares and capitalize on the mistakes of others (Cloonan 2009; Exxon 2009; Hodge 2009). Analyzing why the brands of certain companies have suffered recently further reveals the strength and relevance of contextual branding. The recent history of GM is a shining example of such. Failing to grasp the cultural tendencies of a "greener" and more environmental focus, GM handed its critics and competitors a golden opportunity to compose and take advantage of a cultural contradiction - with GM as the "bad guy" – figure 10 below is an example of such.



Figure 10, Original H2 commercial and critically sketched parody, source: www.Treehuggers.com

I believe that the reason as to why consumers respond harshly to marketing and branding plunders such as that of GM is to be found in the link between consumption and identity. As mentioned in previous sections, contextual branding entails that modern consumers use the values and myths embedded within a brand in the creation of their desired identity; whereas traditional branding was concerned with the material benefits of products. As soon as the financial crisis hit, it instantly became less desirable to be perceived as a "big spender" or a "luxury addict" (Washington & Miller 2010).

Consumers being able to change their desired identity through consumption further add to the tempo by which the context surrounding companies change - making it harder for traditional brands based on physical markers and a "steady state" history to adapt. Major cultural disruptions like the current financial crisis impose a vast amount of cultural contradictions on which an adaptive brand could latch itself and create desired myths.

Every single aspect of contextual branding covered by this thesis so far underlines the importance of identity in branding. The exact reasons as to why the link between branding and identity in times of crisis is so important, has in my opinion never been examined. Empirical or academic studies of prior crises offer little or no help, given the fact that patterns of consumptions and contextual factors change immensely over time. To understand *why*, and to retrieve valuable information for future recommendations, I believe that the focus must be turned towards the basic needs and anxieties of consumers.

Throughout time, countless theories have sought to define the needs of consumers; one of those often used, is the hierarchy of needs - originally defined by Abraham Maslow in 1943.

Assuming the importance of context, the exact hierarchy of needs within this model must have been highly influenced by the context of 1943. The thought of war and fear of self-

preservation must have been a prominent factor in the minds of most people at the time; resulting in the original hierarchy as perceived by Maslow as seen in fig. 11

I believe that the different basic needs have been preserved, but that the *order* in which they are represented in the hierarchy have changed tremendously. If looked at "upside down", the hierarchy of needs shows an interesting - and to some extend exact development, see fig. 11 below.

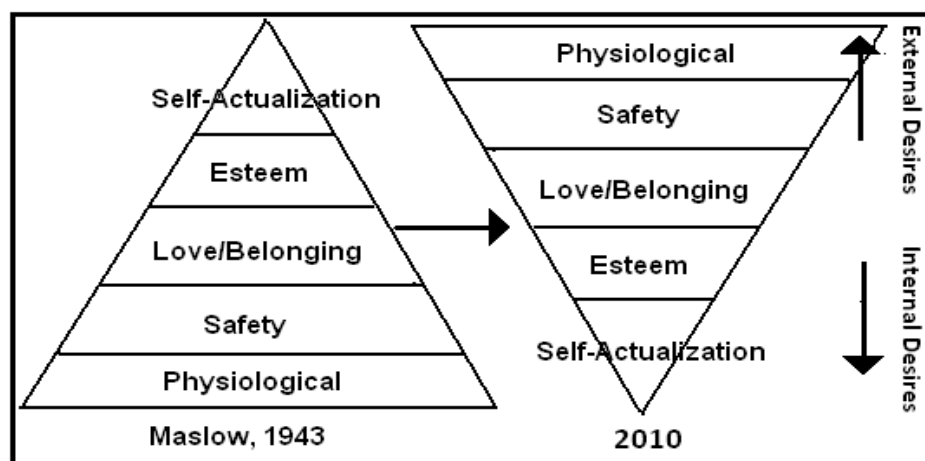


Fig. 11 Original and reverse Hierarchy of Needs, Source: Original Hierachy from Maslow (1943), reverse hierarchy by own inspiration

Originally, the most basic needs that were to be fulfilled were those of physiological well-being and safety. The generation of consumers in the western world today has never experienced famine or any threat upon their psychical being (Barney 2004). They have however seen and experienced economic growth and an increased focus on external appearance. Prior roles of gender, class and personal limits seem to have been broken down by a world in which people can become whoever they desire - or rather whoever the society desire (McCracken 2005; Holt 2004; Miller 2005). To further illustrate the intended point of this section, I have chosen to divide the "new" hierarchy into external and internal desires. Furthermore, Diener (2009) describes how the needs of people in financially poorer and collectivistic cultures are centred on financial and physical safety, whereas those of rich and individualistic cultures such as those in the western world are focused on self-esteem and self-actualization (McCracken 2005; Diener 2009) - as shown in the reverse hierarchy.

An important aspect that has influenced the developments in consumption and the needs of consumers is the importance and emergence of social networks. This trend is seen everywhere, and are by some described as the network society (Barney 2004; Kelly 2009; Boches 2009). Section 5.4.4 described how the complicated social structure of populist worlds and brand communities plays important roles in the theoretical framework of

contextual branding. It is clear that applied strategies of branding must grasp such important social developments; traditional branding, despite emphasizing the fact that social relations is important, does not provide instructions nor insights as to how the construction or design of social networks surrounding the brand influence the choice of strategies; contextual branding does.

6.4 The financial crisis - a contextual amplifier

As the reader might have noticed, the description and evaluation of the old and new theoretical imperative of branding in the sections above, is to a great extent focused on basic developments in context rather than assessments derived directly from developments due to the financial crisis. There are several reasons for this.

Context and cultural briefs are results of cultural disruptions. Although the present context may be defined by a financial crisis, the context of tomorrow remains uncertain - things will change. Based on previous sections and the described tendencies and developments within consumption, needs and the society in general - it is evident that a focus on contextual rather than traditional branding would prove advantageous under most modern contexts.

The theories of contextual branding advocate a dynamic focus, whilst the *tools* of contextual branding might be focused on stationary cultural briefs. How the tools and specific myths should be applied during a financial crisis, are addressed in later sections using relevant cases; hence, the purpose here is to show that a financial crisis is no different from any other cultural disruption, and that the contextual branding framework is by far the best suited for handling such.

Based on the sections so far, it can therefore be assumed that the context of a financial crisis should be treated theoretically no different than any other context. However, I believe that the trends of the current crisis act as a “contextual amplifier”, in the sense, that the difference between cultural contradictions and populist worlds has become more sharply drawn.

An example of this is the instant rebellion against excessively paid executives, greedy bankers and financial speculators when the crisis hit - these were instantly recognized by many as being the root of all evil. This definition of good and bad suddenly became clear after years in which the general public blindly accepted such out of happy ignorance.

Following the general resentment of corporate giants and their executives, came a general wish for sustainability, not only financially but also environmental - an example of which is the recent global uproar against BP and the astounding amount of cases of “greenwashing”. The contextual developments might have occurred with the lack of a financial crisis; but I believe that the developments within consumption, needs and social behaviour described in the sections above, offers plausible explanation as to why cultural reactions have been so severe; in the face of external uncertainty, consumers and society alike seek internal stability. This might seem like a bold statement, but I believe that the theoretical evidence presented so far, offers plausible and sufficient evidence.

Combining the theoretical key points covered by this thesis with the developments described in these sections, it becomes evident that the theoretical foundation by which empirical cases are analyzed in the following sections, are based mainly on elements of contextual branding. However, seeing as previous sections illustrated that the contents of this theoretical perspective is built upon concepts from the traditional branding framework and other theories; the presence of others perspectives is evident in these sections; the static conceptions of traditional corporate branding, are mixed with the dynamic, iconic and cultural aspects of contextual branding *and* theories of consumption & context.

The following sections seek to analyze and describe how the brand of the British company Virgin, by applying the techniques and principles of contextual branding *have* and *will* perform, based on historical cases and the construction of future recommendations based on the current contextual environment.

PART 4

7. The Case of Virgin and British Airlines

The historical analysis and description of Virgin has been constructed with a contextual focus rather than that of a traditional corporate history description. Furthermore, I seek to illustrate how past strategies - clearly transferable to core elements of branding has had a significant role in the ongoing commercial "battle" between Virgin Atlantic and British Airlines.

On the basis of these empirical analyses and the theoretical discussions in past sections, the latter sections of this thesis will look at the current context, and seek to produce general

theoretical conclusions and specific recommendations as to how Virgin could grasp and exploit emerging contextual trends.

7.1 Virgin and the cultural context from 1970 to 1990

It has been more than 40 years since Richard Branson founded what was later to become the business empire of Virgin - a conglomerate with more than 200 registered companies (Datamonitor 2009), whose financial results and management disposition have been the subject of much debate and speculation. Despite such speculation and the ongoing discussion concerning the radical styles by which Richard Branson leads this company; it is an undeniable fact that Virgin remains one of the strongest and most trendsetting European brands.

The purpose of these sections is not to describe or discuss internal organizational aspects of Virgin - but instead to illustrate how contextual changes and cultural trends have made the emergence of such a brand possible; a brand that since the 1970'ies has been under constant pressure and growth, two aspects that still dominate the brand in 2010.

7.1.1 Love, Peace & Harmony and Richard Branson

Virgin was founded by Richard Branson in 1968 (Virgin History), and as later sections will illustrate - their stories are inseparable. Branson was a 17 year old high school dropout from the local Stowe Private School when he decided to start the magazine *Student* (Grant 2008). This quickly became a success, as it aligned with the expressionistic values associated with the many minority groups in the late 1960'ies.

Examining the context at the time reveals sharp developments in the cultural context around 1965 - which are referable to the term of cultural disruptions; one of which came in the form of a rather drastic increase in wealth in the western world triggered by growth throughout the 1950'ies and 1960'ies (McGraw 1997). This resulted in an increase in the rate of education and political interest. This newfound knowledge, and the freedom to express it, resulted in the occurrence of a great number of "grassroots groups"; through these groups, the youth had found a way to express themselves. They shared a common agenda defined by rebellion, a general critique of institutions of authority, the Vietnam War and capitalism.

The rest of Britain was at the time under the influence of strong conservative values, which in return was challenged by such an increasing rebellious youth (Grant 2008). It was within this exact context that entrepreneurs like Richard Branson found a market opportunity. Having

studied the contextual settings through the lens of contextual branding; it becomes evident why.

Firstly, the context at the time was defined by at least two major cultural disruptions, the first being the sudden increase in wealth and the second being the occurrence of War. The effects that the latter of the two had on the contextual environment and the mindset of consumers was severe which evidently resulted in the existence of drastic cultural contradictions - one important ingredient for successful contextual branding and the creation of myths.

Secondly, the cultural disruptions and the related cultural contradictions resulted in the existence of two major populist worlds in Britain. On one hand was the established wealthy Britain that had experienced, survived and risen from the Second World War - defined by conservative values and traditions. On the other hand was the youth, which had been born *after* the Second World War in safe surroundings. These shared a love for freedom and harmony but a severe dislike of authority and capitalistic values (McGraw 1997). The contextual framework at the time is illustrated below by the use of theoretical terms of contextual branding.

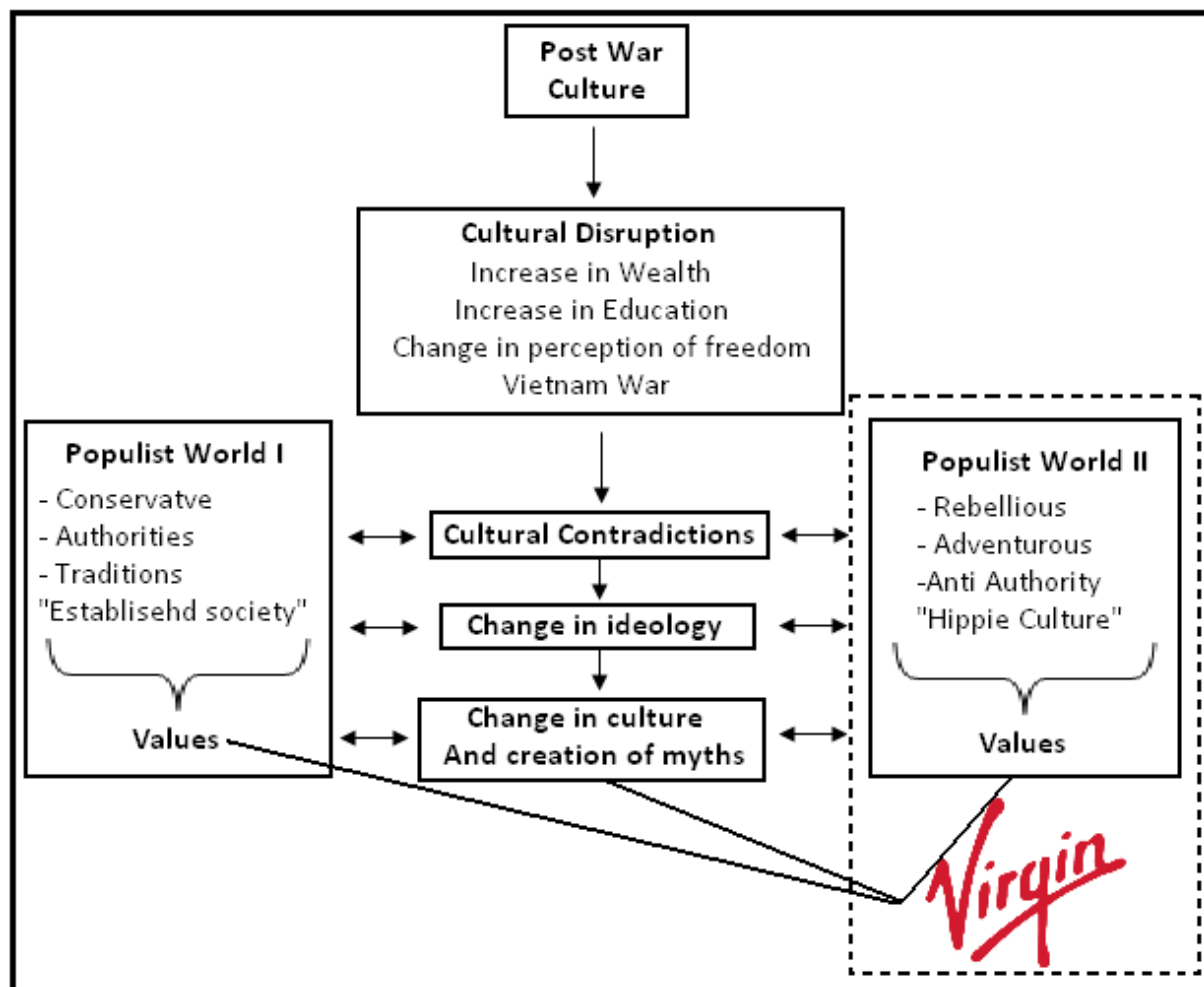


Fig 12 The cultural developments at the time of the creation of Virgin seen through a contextual branding perspective, source: own creation.

In an interview on BBC News (2006), Bransons explains that he through "anti-Vietnam War" groups realized the urgent need for a magazine, by which the youth could express their opinions. The magazine related to the disrespectful and anti authorial youth, and included articles revolving around subjects such as sex, rock music and interviews with terrorists (Grant 2008).

It is obvious, that Branson quickly grasped that the mentality of the British youth was changing, and that this was a determining factor in the choice to start his first business.

This composition meant that the content and meanings displayed in this magazine was a determining factor in the creation of the desired identity of many youths. When applying theoretical elements of brand communities and the structure of populist worlds, it becomes evident why "Student" achieved a unique position and loyal readers. Given Branson's untraditional background and his influence on the contents of the magazine, he was seen as an authentic part of the general youth movement at the time - which due to elements of

endorsement resulted in the general accept of "Student". Furthermore, the magazine was a perfect way for the feeders and followers to tap into the general populist world. In return, the core of the populist world – the insiders basked in the attention that they got from the feeders and followers through the magazine.

Abandoning the case of student, the next entrepreneurial adventure of Richard Branson was Virgin Records, a record company. This once again enabled Branson to express specific values and meaning through his choice of artists and what to publish. Given the fact that the record business and the magazine business are closely related, Branson was able to extend the brand across industries, providing Virgin Records with the brand extensions of *Student* and the powerful and authentic endorsement of Richard Branson.

Following the opening of the first Virgin records location in 1971 in Oxford Street, London; came a record studio in 1972 and a Sex Pistols album in 1977 (Virgin History). It is evident that Virgin Records followed the example of *Student* and tapped into the same contextual framework as illustrated in fig. 12.

After the success of his first entrepreneurial adventures, Richard Branson was eventually seen as a prominent figure - a new type of entrepreneur, which opposed to his capitalistic counterparts, was able to build a lucrative business on a market ironically based on a populist world defined by rebellion and anti-capitalism.

These early developments founded the commercial giant later known as Virgin, and it was from the start clear, that Richard Branson was the common denominator– a “contextual decoder”.

7.1.2 IPO's, LBO's & MBO's and Robin Hood

As it was the case throughout the 1970'ies, Richard Branson successfully applied a contextual role in the 1980'ies - this time in the role as the "*underdog*"; proclaiming to fight for superior "value for the money" and a good service (Altman 2009). Previously he and Virgin had been contextually positioned as parts of a minority; however, being a part of a rebellious youth would no longer suffice if the iconic status amongst an increasing amount of fragmented groups of consumers was to be preserved.

The increase in the related groups of consumers surrounding Virgin was a direct result of an increasing number of Virgin companies - and the diverse activities of these. Realizing this;

Branson was able to use his previous authenticity as a rebel to change the contextual role of Virgin and his perceived identity as the “underdog” and “Robin Hood of capitalism”.

Throughout the 1970'ies and 80'ies the industrial occupation in Britain experienced a sharp decline due to the ever increasing competition from Asia and the rest of the industrialized world (McGraw 1997). In 1979 this resulted in the election of Prime Minister Margaret Thatcher, whose conservative values and economic perception was in line with economists like Adam Smith (McGraw 1997; Adamsmith.org). The election of this new prime minister was followed by an instant increase in the number of financial institutions and a capitalistic mindset - which at the time was dominating most western economies.

It was within this context that Virgin and Branson took a central role in the centre of a prominent cultural contradiction as the social capitalist, or as put by Grant 2008 - *the friendly face of capitalism*.

The most trendsetting move by Richard Branson during this time was to launch Virgin Atlantic in 1984 with the sole purpose of challenging the giant British Airways (Virgin History); a move that was in perfect unison with the assumed role of *underdog*. The specific case of Virgin Atlantic and British Airways is analyzed in later sections. Virgin Atlantic became a financial success, and is despite scarce published financial data still considered as the financial flagship of the Virgin Corporation (Grant 2008).

In the description of Virgin and Branson throughout the 1970'ies, the focus was on illustrating how the contextual positioning by The Virgin brand and Branson fit flawlessly with the contextual framework capturing a cultural contradiction, tapping into populist worlds and thereby creating the myths that founded Virgin brand. The same could be said for the developments in the 1980'ies. However, this section seeks to illustrate how the contextual strategies applied by Branson in the 1980'ies are directly transferable to another important aspect of contextual branding – the aspect of storytelling.

Bearing in mind that storytelling and the creation of myths are important elements by which companies and icons can be contextually branded, it is evident that the case of Virgin is a prime example of such instruments at work.

Assuming the storytelling perspective as proposed by Fog (2002), it is possible to analyze the case of Virgin in the 1980'ies with respect to defining the roles of the different contextual participants.

Figure 16 and the following bulletins illustrate the original composition of roles in the classic storytelling model as well as how the case of Virgin during the 1980'ies could be interpreted within this paradigm.



Figure 13, Storytelling model by Fog et. al. applied to the case of Virgin, Source: Fog ,Budtz & Yakaboylu 2002 - applied to virgin by own creation

- The overall *goal* of Virgin was to be seen as a vanguard of fair competition - protecting the consumers from industrial giants and bad service.
- The *evil opponent* in the contextual framework at the time was undoubtedly British Airways with whom Virgin fought a commercial battle at the time.
- Richard Branson is defined as the *hero* and *provider*, whereas Virgin is defined as the helper.

This distribution of roles is however highly dependent on the perspective by which the context and the brand of Virgin is perceived. The choice of placing Richard Branson in the centre is solely based on the fact that since the origin of Virgin, Richard Branson and the company Virgin had been inseparable; which raises the question of to who the brand is attached the most? - A question addressed in later sections. The exact distribution of roles between Branson and Virgin is in this case irrelevant; in fact, such confusion of brand origin only further underlines the extend by which Branson and Virgin was successful in transferring meanings and the endorsement process.

The contextual history of Virgin presented so far, clearly illustrates that they quickly realized that the identity of a brand is as important as the attributes of the product itself. However, the degree to which the identity of Virgin changed during these two decades aligns with the dynamic conception of contextual branding rather than the static perception of identity applied in the traditional framework.

Besides the clearly transferable aspect of storytelling, Virgin and Branson evidently tapped into and exploited the British national ideology and its associated myths.

Elements of the classic fight between David and Goliath are evident in many traditional British myths e.g. Robin Hood and the story of King Arthur. However, as time progressed towards the late 1980'ies and mid 1990'ies, the Virgin Empire expanded rapidly - partly due to the trend of privatization of public services in Britain (Grant 2008). Thus, this inevitably also increased the amount of the different lines of businesses in which Virgin was involved. This forced the brand of Virgin and Branson had to reevaluate what myths and stories they were to be associated with in order to successfully extend the brand and stay authentic given the contextual surroundings.

7.1.3 Defragmentation and slackers

As mentioned in previous sections, the context and cultural settings in Britain were influenced by strong conservative ideals and capitalistic values during the 1980'ies. But in 1997 the conservative leader of John Major lost the election by one of the biggest defeats in the history of Britain; and the New Labour party led by Tony Blair rose to power (The Economist 1997).

The change in the political climate illustrated a general cultural change in Britain during the 1990'ies, Branson and Virgin could no longer thrive on fighting the values of a dominant ideology, as this would be seen as contradictive and at worst - leave the brand unauthentic.

They had to come up with a way to communicate with new markets *without* abandoning the values by which they were perceived as guardians during the 1970'ies and 1980'ies

In the aftermath of the strong capitalistic focus of the 1980'ies, people in Britain began to realize that the glamorous life they had imagined was not as attainable as first assumed. The globalization had the effect that the employed people of Britain began to feel a pressure on their job and the size of their paychecks - which in return spurred the general conception that *work is a joke* (Holt 2004; McGraw 1997). Branson and Virgin were quick to grasp the

potential of this cultural disruption and the associated cultural contradictions; once again Branson was able to use his prior roles and authenticity.

Whereas the two sections above illustrate the clever use of cultural institutions (populist worlds etc.) and storytelling, this section is focused on analyzing important aspects of the endorsement process in the case of Virgin.

May 2. 1999, Richard Branson appeared as a special guest-star in The Simpsons (the TV show) - in which he plays a rich businessman who gives one dollar to each customer; during the episode he teaches Homer that: *"to be loved, you have to be nice to people, every day, but to be hated, you don't have to do squat"* (The Simpsons Archive 2010). If anything, The Simpsons is a perfect portrait of the "slacker" values - a life in which the importance of job and financial security is dwarfed by the importance of enjoying the adventures of life. Branson's appearance in The Simpsons is a perfect example of how Branson accumulate and gather desirable meanings during this period. He frequently participated in different extreme sports and stunts - which due to the careless nature constituted the second adventurous part of the so-called "slacker myth".

By this time, Virgin and Branson are inseparable in eyes of the consumers, resulting in the instant transfer of meanings from Branson to Virgin. Analyzing this process from the theoretical viewpoints of meaning transfer illustrated in earlier sections, the following paradigm can be drawn.

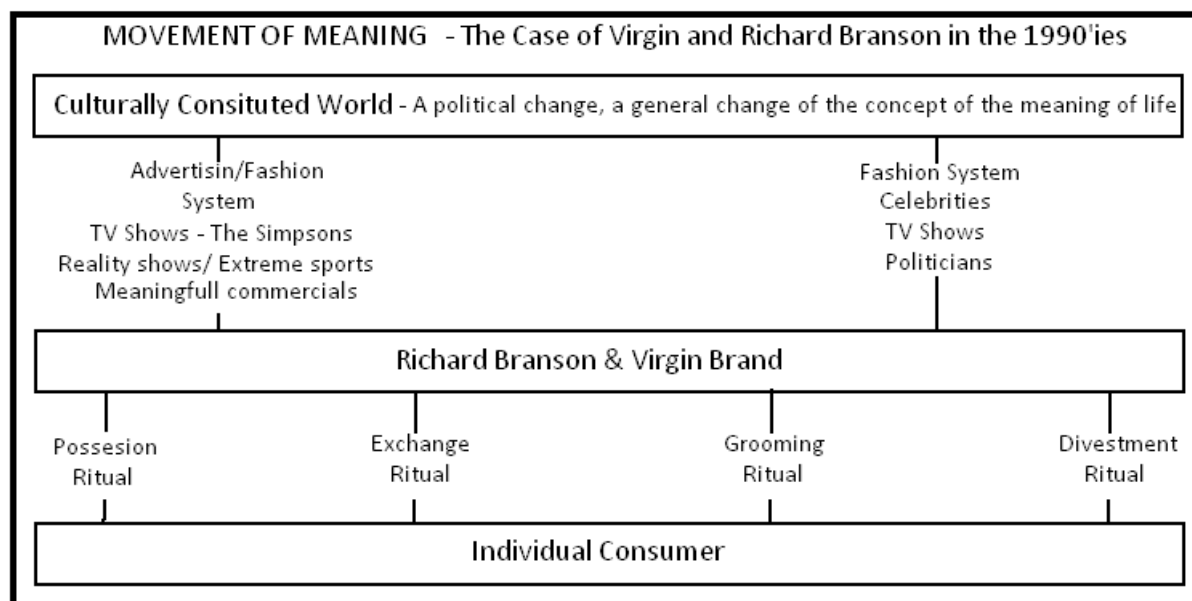


Figure 14, The transfer of meanings in the case of Virgin during 1990'ies, source: Own creation using the framework of McCracken 2005

The presentation above is obviously based on a top down perspective as proposed by McCracken, but as in the other analyses above - other analytical perspectives can be assumed. Whether the *source credibility* or the *source attractiveness* model is applied, it is evident that the background of Branson and the previous myths and stories associated with Virgin provide a solid foundation for credibility and authenticity.

During this period Virgin was not the only company focusing on the so-called *slacker myth*; other companies such as Mountain Dew & Budweiser were equally aiming at representing and symbolizing this certain segment. This is further testament to the fact that companies compete on myth markets rather than on their actual products. In appendix 2a Virgin commercial from 1997 is summarized and illustrated as well as the "Simpsons" version of Richard Branson.

What separates the case of Virgin from other interesting companies is that Branson once again became the rally point and the all-determining icon on which the Virgin brand was built - as he had been during previous decades.

7.1.4 Summarizing the contextual history of Virgin

It is evident that the Brand of Virgin since its origin has been under constant development with respect to contextual and cultural changes. The case of Virgin illustrates most if not all the key theoretical points from traditional branding as well as contextual branding.

The brand has had one unique denominator - Richard Branson. It is remarkable how the personality of Branson has been the main element of success across 3 decades, 3 different cultural myths and an astounding amount of different lines of businesses.

At first this intense relationship might seem like a very successful example of celebrity endorsement, in which the perfect fit is a mere result of a good combination of source attractiveness and source credibility. However, to accredit the unnatural relationship to simple endorsement would in my opinion be a mistake.

The effect of Branson is not just visible from an external point of view; his influence is seen everywhere *within* the Virgin organization, everywhere from the organizational structure, management philosophy and financial strategy.

It is also evident from the previous sections that the branding strategies of Virgin and Branson have been successful; but analyzing historical events by use of theoretical hindsight does not provide much evidence as to whether or not the brand of Virgin by applying techniques of contextual branding have performed *significantly* better than other companies. In order to analyse if this is indeed the case, the following sections will analyze the empirical case of the commercial war between Virgin Atlantic and British Airways - two companies within the same line of business but with radically different approaches as to how such should be conducted. These will, combined with the contents of previous theoretical sections compose the theoretical and empirical background for assessment of current and future branding strategies.

8. Virgin and British Airways

This section aims to illustrate how principles of cultural and contextual branding applied by Virgin and Richard Branson was evident in one of the most famous commercial disputes of Britain - the case of Virgin Atlantic vs. British Airways. The following sections seek to describe this feud as objectively as possible; and the later illustrates how Virgin used the contents and outcome of this feud actively in its commercial campaigns during the 1990'ies.

The story of the Virgin and BA feud has all the contents of a well written drama, from allegations of the use of private investigators lurking in trash bins, to so called “passenger poaching” in airport terminals. The affair started in 1992 by allegations made by Richard Branson, that British Airways was using dirty tricks and trying to run Virgin Atlantic out of business (Gregory 2000). Given the degree of public attention that Branson basked in at the time, the case soon became public. Branson's allegations were based on the notion that the corporate giant BA - the biggest British transatlantic airline at the time, were trying to squeeze the small rebellious airline Virgin Atlantic; a story that conveniently matched the myths of virgin described in sections 7.1.1 – 7.1.3. However, allegations by BA against Virgin were also made. The lawsuits ended with the ruling, that Lord King (CEO of BA) and BA were due to pay Virgin Atlantic 610.000 £ in damages done and the sum of 4.500.000 £ in libel costs - the biggest corporate settlement in Britain at the time (Gregory 2000).

8.1 *The King is slain*

The analysis of the branding strategies of Virgin Atlantic and BA has its historical offset in 1992. BA had thrived during the years of the capitalistic Thatcher government, and was by far Britain's largest airline with 241 aircrafts serving 165 different routes. By comparison, Virgin was insignificant with just 13 aircrafts and 7 routes (.ipa.co.uk 2010)

Hence, the overall competitive framework surrounding Virgin and BA fit flawlessly with the myth and image of Virgin as King David trying to defeat the giant Goliath. If a glance is cast at the difference in size between the marketing budgets of the two, this becomes even more

apparent. Figure 15 illustrate the budgets of media expenditure of the two companies. On average BA spend 4 times as much as Virgin during the 15 year period. Applying traditional branding techniques, such a massive public exposure should lead to an increase of brand awareness and thereby the brand equity; but the

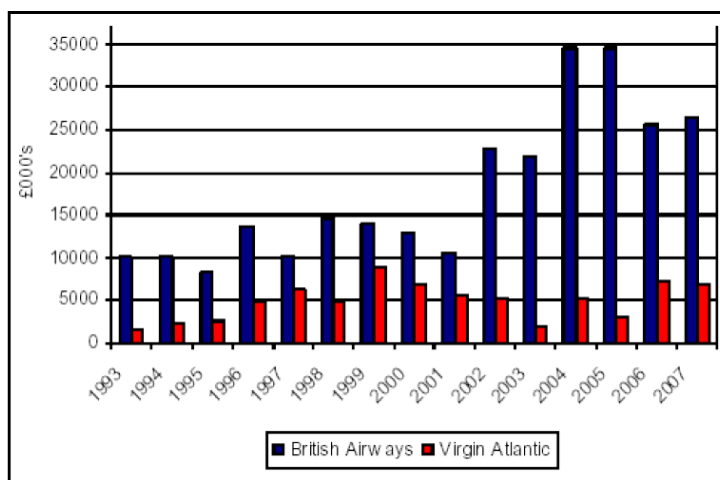


Fig 15 -- The media budget of Virgin and BA, Source: MMS 2008

developments in the strength of the two brands during this time tell a different story.

The BAV approach has been used to construct the results in fig. 16; that clearly shows how the brand of Virgin has surpassed that of BA in all 6 chosen variables. Furthermore, the progress of the Virgin brand is most significant in the categories of "up to date" and "fun" - which are two of the values of Branson and Virgin described in earlier sections.

Where many seek to explain these developments by the clever use of advertising I apply the scope of contextual branding.

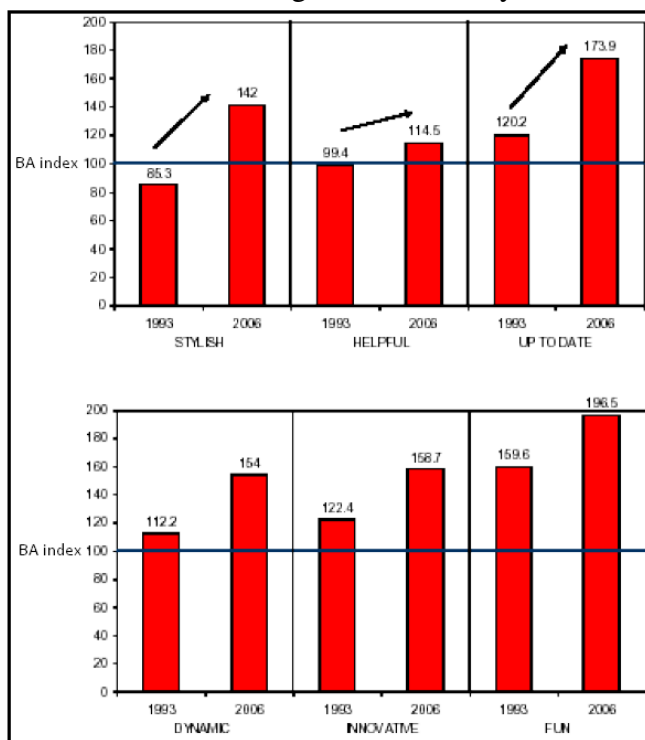


Fig 16 - Developments in BAV of Virgin against BA index, Source: MMS 2008, BAV 2008

The most precious asset in the marketing of BA was its enormous budget; that of Virgin Atlantic was the personality of its founder Richard Branson. The commercial strategy of BA, was during this period based on traditional campaigns; whereas that of Virgin was based on the iconic status of Branson - who enjoyed such a degree of publicity that the story of him crashing his powerboat short of its destination across the Atlantic Ocean in 1995 stole the front page.

Analyses of the overall commercial strategy of Virgin Atlantic in the early years, could advantageously be assessed with two perspectives; a creative perspective and a media perspective.

If the creative perspective is analysed, it becomes evident that Virgin Atlantic realized from the start, that the great variety of messages that needed to be communicated to an even wider base of customers and regions of a air transport company required that the creative focus was on applying a overall attitude – or a general tone rather than a number of single creative ideas. This creative strategy was hereafter reflected in the media strategy of Virgin Atlantic. Besides the exuberant *and* public personality of Branson who continuously promoted Virgin through his private and public escapades, Virgin Atlantic sought to underline and strengthen the values and meanings of Branson in their commercials and advertising. Alternative casts for

ads were chosen – amongst who were: Helen Mirren, Terence Stamp, Iggy Pop, Miss Piggy, Alice Cooper and the Wright brothers. By choosing to incorporate such unconventional creative ideas in their media approach, Virgin Atlantic was set apart from the rest of the air transport industry - actively using and enforcing the cultural contradictions and the different populist worlds at the time, and aiding the myth of Virgin by paying ode to the original values of Richard Branson and Virgin. More Virgin commercials are placed in appendix 3.

8.1.1 Stealing and positioning the brand of BA

At first glance, the case of Virgin and British Airways might seem like a classic case of a commercial battle in which the marketing activities of either part proved better than that of the other. But if the battle is analyzed by the theoretical paradigm presented in this thesis - another conclusion can be drawn. The following will illustrate how Virgin was able to "steal" significant value from the brand of BA, by actively positioning BA in the authentic myths of Virgin.

The following analysis and the theoretical proceedings are described is illustrated in appendix 4, and should be reviewed whilst reading these sections. I believe that the contextual framework surrounding the airline business can be aggregated into two general populist worlds.

The first is defined as being represented by people that primarily travel by plane for pleasure, vacation or adventure. The values of this were at the time in line with the values connected with the slacker myth of Virgin see section 7.1.3. The TV commercial in appendix 2 clearly shows that the intended audience could be found within this segment/populist world.

The second populist world was represented by people travelling for business reasons, and the values that were imbedded within this populist world was - as seen in the framework in appendix 4 connected with luxury, formality, "propper" and capitalistic. The ad by British Airways in appendix 5 clearly illustrates this perspective.

It is evident that Virgin and BA were aligned with two very different populist worlds, that to some extent were perceived as contradictory. Furthermore, the two populist worlds equally portrayed many of the values of the two major national identities at the time.

Despite the contradictory nature of the two companies and the populist worlds in which they were seen as authentic - a substantial degree of affiliation due to industry competition was evident.

Following the associated values of the populist worlds and of the brands; two distinctive myths can be defined. That of Virgin was the "*slacker myth*" described in section 7.1.3; and that of BA was what I have chosen to define as: "*The professional myth*". The cultural contradiction that these two myths impose is apparent.

It is evident that Virgin and BA competed on both product - and myth market; a scenario that BA seemed to be winning until the time of the "*Dirty tricks affair*" (Gregory 2000)

The contradictory myths and cultural categories resulted in a "war" of brands in 1992 with the "*dirty tricks affair*". The amount of attention that this received from the media and the general cultural institutions caused it to be blown into proportions resembling those of a small cultural disruption. As theories of contextual branding prescribe, such cultural disruptions should be taken advantage of – which was exactly what Branson and Virgin did. First, they pursued legal action; thereby fighting BA in an arena that the consumers within populist world II could identify with; hence when Virgins claims were acknowledged these were perceived as authentic by the constituencies within populist world II. Furthermore, as the actions by BA was in sharp contrast to the values of this populist world BA's degree of authenticity and attractiveness was decreased as a result.

If summarized, it is evident that the dirty trick affair strengthened Virgins brand position within the "slacker myth" *as well* as within "the professional myth"; grasping this, Virgin instantly used the incident in their marketing programme – see appendix 2b, 2c and 3.

Previous sections described how companies by the use of co-branding and brand extensions can transfer brand value/equity from one brand to another; such co-branding usually comes in the form of collaboration. However, I believe that the case of Virgin vs. BA is a prime example of involuntary co-branding (if seen from the perspective of BA). Virgin used the deteriorating values of the brand of BA to strengthen the brand of Virgin.

The fact that Virgin was winning immensely on the myth market, resulted in the fact that the brand of Virgin was involved in two previously contradictory myths. In order to gain and preserve authenticity in both of these, they imposed a slight shift in their branding strategy as well as their product strategy. More emphasis was put on luxury and elements of business – see appendix 2 c. One example of such is that when BA announced the introduction of beds in

business class, Virgin announced the introduction of double beds (BBC 1999), the introduction of onboard massage and chauffeurs to and from airports, see appendix 2 b and 3.

The developments in *and* after the “*dirty tricks affair*” all enabled Virgin to actively take over the positioning of BA in the different myths and place them in the role as the bad guy – see section 7.1.2. Whilst BA might have been using dirty tricks in their business techniques; Virgin used “dirty” tricks in “brandjacking” the brand of BA - by the use of elements from traditional branding as well as clever use of context, culture, elements of contextual branding and meaning transfer.

9. Conclusions from theory and case material

Sections 6.1-6.4 analyzed the two main theoretical perspectives presented in previous chapters, and it was evident that the theoretical assessment concerning the choice of an advantageous theory was not as much a matter of pure theoretical choice as it was a choice of perspective. It was equally evident that theories of contextual branding were to be perceived as a natural evolvement of branding theories - rather than an opposing theoretical perspective. The theoretical perspective assumed in analyzing the case of Virgin and the case of Virgin vs. BA was therefore based on a choice of perspective and assumptions rather than theory. Amongst which were the dynamic identity focus, the importance of the perception of identity, developments in consumption and consumer behaviour as well as major developments in the cultural and contextual framework.

To test if the perspective that from a theoretical point of view seemed advantageous indeed was, the history of the brand of Virgin was analyzed.

The brand was analyzed over 3 major eras during which traditional branding methods were popular. The brand of Virgin had indeed been successful, and it turned out that the concepts of contextual branding offered plausible and exact explanations to this success. The question of causation still remains; was this a result of Virgin and Branson being ahead of time? or was it due to coincidence and/or biased hindsight. In order to get a relative perspective on the performance of the Virgin brand, the case of Virgin vs. British Airways was analyzed.

This case illustrated how concepts of contextual branding could be traced to the degree of “textbook performance”. Virgin had in the commercial battle with BA effectively constituted myths, a dynamic identity, effective endorsement and the composition of stories and myths

involving competitors; in other words, it was evident that Virgin had realized that they were competing on a so-called myth market and composed their brand and strategy thereafter - products were requisites used to achieve the desired fit and authenticity.

As I proclaimed in previous sections, hindsight and historical descriptions offers explanatory value, not solutions. The proceeding sections will seek to provide solutions; once again assuming the example of Virgin, these will seek to describe how the brand of Virgin should be handled - given the current context. Findings will then be assessed from a general perspective given the nature of this thesis.

9.1 Virgin - Current and future brand analysis

The historical analysis of the brand of Virgin revealed how the company of Virgin and its brand has evolved immensely throughout time. Regardless, the company and the brand has been defined by *one* unique aspect across the different periods - Richard Branson.

Doubt has however been evident during the last couple of years as to whether or not Branson and Virgin has lost their "touch"; the company and brand of Virgin has on several occasions been the target of critique within a number of areas in which their position has never been questioned. Such critique has been centred on aspects such as the financial health of Virgin and Branson (Grant 2008), the previously prizewinning customer service, speculations of the use of dirty tricks (telegraph.co.uk 2010) and a general deterioration of the brand of virgin (Grant 2008; telegraph.co.uk 2007; Osborne 2007).

The recent trouble can by applying the concepts of previous sectioned be aggregated into three separate parts: The man Richard Branson, The company and The Context; each of which are briefly analyzed below with respects to the recent critique.

9.1.1 The Man

It was established numerous times in this thesis that the personality of Richard Branson evolved into iconic status fairly fast - thereby becoming the most important marketing tool of Virgin. The constant changing aspects of Branson's personality turned out to be important in achieving the needed dynamics in the myths and brand of Virgin through endorsement and meaning transfer.

Besides the obvious importance of Branson's personality, it was evident that the iconic traits he possessed had its roots in his genuine personality - hence making it sustainable throughout time. His first entrepreneurial adventure "Student" - founded 42 years ago perfectly portrayed his personality - and that fit has been a trademark until now.

As time changes so does the identity of the consumers. Furthermore, it was established how patterns and the reasoning behind consumption has changed. I believe, that it must be taken into consideration, that the generations of consumers that experienced Branson and Virgin during the three periods described within sections 7.1.1-7.1.3 are still affected in their current assessment of Branson. If these periods are taken out of account, and if only the current identity and fit of Branson and Virgin is analyzed - another picture prevails.

New generations not affected by the history of Branson and Virgin, sees an extremely wealthy man - a man approaching an "elderly" age. Furthermore, they see this man on TV enjoying himself; windsurfing with beautiful women on his back, playing about on his private island and hosting TV shows. This might as well have been the description of Hugh Hefner - a description very far from that of the original Branson.

In order to test whether this assessment is correct, I used a focused closed questionnaire aimed at uncovering the perception of Richard Branson by the younger generation. The questionnaire was sent to more than 200 college and high school students¹⁰, of which 113 answered; this is by no means a significant statistical study; but it does reveal interesting tendencies - see appendix 6 for the questionnaire and the detailed results.

The focus of the questions is on composing a rough outline of the perception of the life and personality of Branson as perceived by the targeted generation.

The results show that great confusion exist on the matter of his nationality- see question 1 and 3; something that was very clear in previous eras and myths. Furthermore, it is evident that the perceived values of Branson is as much those attributed to an elderly wealthy man as those of a rebellion. Bearing these facts in mind it is evident that the identity of Richard Branson isn't as clear as it has been in the past; but the knowledge of his affiliation with Virgin clearly is. This, in return, transfers some of the identity confusion to the brand of Virgin - given the concepts of contextual branding.

Naturally, his personality has to change over time; but if the tendencies are analyzed in the paradigm of contextual branding and branding in general; the question of whether the branding phenomena of Branson in previous eras is starting to backfire prevails - can he still achieve authenticity and provide the fuel for future myths? or is it about time for him to step back and let Virgin thrive on his icon rather than his ever evolving personality?

¹⁰ Highschool is referred to as the danish 9-10 th grade, whereas college is the danish "gymnasium"

9.1.2 The Company

It was evident how the brand of Virgin during the 1990'ies played host to not one but two different myths - that at first glance would seem contradictory. This was made possible by the clever use of meaning transfer, myth creation, co branding and clever marketing. However, recent developments pay testament to the postulate that some of the authenticity of Virgin is wearing off. The brand of Virgin has always been centred on the role as the "valiant knight" fighting for consumer rights - something that is in sharp contrast to recent allegations of price-fixing (Osborne 2007). Furthermore, Virgin conquered significant market share and brand equity from British Airways by attacking their associated myth "the professional" on its values and products defined by service and luxury - two areas in which Virgin has received significant critique in recent years; most of which stems from unsatisfied customers expressing their disappointment through social networks and blogs¹¹. The deteriorating fit between myth, brand and reality will inevitably take its toll on the identity value of the Virgin brand and deflate its contextual positioning.

A second important aspect adding to the discussion of the current status of the brand, is the missing obvious cultural contradiction and counter myth. The analysis revealed that since the time of its origin, Virgin has always exploited the existence of opposing populist worlds and cultural contradictions - at times targeting a single company such as British Airways. In all cases Virgin assumed the role as the hero - see fig. 13. Now the rebellion that used to rake on the institutions have become an institution itself; an example of such is the "attack" on the TV network "sky" by Virgin Media, in which Virgin had no superior value proposition or myth to back up their competitive actions (Osborne 2007; Olins 2007). Actions such as these will decrease their authenticity towards the constituencies revolving around their previous myths.

Thirdly, Virgin has always been known as a British company - which was one the cornerstones in previous myths and the associated roles such as Robin Hood and King Arthur. However, as it was the case with Branson, recent developments illustrate how the national identity image of Virgin is unbalanced. The most significant example of such it the prestigious launch of Virgin America - which by the simple use of the word "America" instantly spurs associations linking to the American national ideology - something not entirely desirable for Virgin - given their rebellious history, associated myths and current context.

¹¹Example of such: <http://dabble.com/virgin-atlantic-sucks-the-sad-decline-of-a-good-brand-348>

A fourth factor, is the question of whether the tremendous amount of diversification within the lines of businesses they are involved in is causing a loss of focus and/or deterioration of the brand; looking at the different Virgin businesses it becomes obvious why. It is clear that virtually no one has achieved such an extreme stretch of brand extensions as Virgin; but previously the myths provided an authentic link and a commonality between these extensions - something that to some extent seem to be lacking in the current state of the Virgin brand. The loss of focus in the myths associated with Branson and Virgin has been further enforced by apparent distortions in the brand portfolio; a clear example of such is the failure of Virgin Finance - a line of business in which the values and myths of Branson and Virgin offers poor fit and authenticity.

It is clear, that the focus in the sections above is on the negative factors in the recent developments of the brand; and it is these that will provide the foundation for improvement and recommendations in chapter 11. It is clear that there are interesting developments in factors surrounding both Branson and Virgin - but true to the theoretical scope of this thesis, the influence of the context must be considered.

9.1.3 The context

The contextual developments described in this section is amongst those used in chapter 11; however, the focus here is on what tendencies have or may have affected the brand of Virgin in combination with the above described factors of the man and the company.

In previous sections I described how I think tendencies of the ongoing financial crisis can be perceived as a contextual amplifier in the sense that the anxieties and fears of consumers become apparent in times of crisis - resulting in sharper responses to disruptions and an increased focus on self-perception and cleansing of identities. This in return, creates massive cultural contradictions that iconic companies such as Virgin are expected to fulfill - when they fail to do so they are perceived as unauthentic. Hence the dynamic focus and control of the associated myths is very important in the current context; something that Virgin - given the sections above has neglected to some extent.

Given the current state and recent developments of the brand of Virgin, the following section will seek to apply the theoretical and contextual tools presented throughout this thesis in an attempt to illustrate how the brand strategy of Virgin should be conceived in the time to come.

PART 4

10. Regaining contextual focus

If the recent points of critique above are combined and analyzed with respect to the theoretical paradigm and contextual history of Virgin presented in this thesis, valuable case specific recommendations can be made.

To further increase the relevance and quality of these, the reasoning in the following sections is based on current and future contextual trends presented by the Copenhagen Institute of Future Studies (CIFS)¹². Furthermore, the contents of these recommendations serve as valuable information with respect to answering the general research question of this thesis in the following conclusion.

10.1 Identifying future contextual trends

Analyzing the history and the current state of the Virgin brand, it becomes obvious that one big dissonance is apparent - the need for a focused opposition based myth. Previous myths in periods of success were based on exploiting the construction of exact populist worlds and the occurrence of cultural contradictions; see fig. 12, 14 and the table in appendix 4. At the current state, the analysis of Virgin reveals no obvious effective myth. Hence, the first and most important recommendation concerns the composition of such; which, as following sections will illustrate, can prove difficult.

True to the nature of the research question of this thesis, the contextual framework for mythical composition is in this thesis defined by contextual trends derived from the financial crisis.

Reports from CIFS describe how the financial crisis can be described as "the perfect financial storm"; the result of numerous calumniating factors - a storm that has and will continue to change the behaviour and mindsets of consumers (Fremtidsorientering 2009a, c). They predict that consumers will become increasingly sceptical as institutions previously synonymous with safety, honesty and superiority continue to "get it wrong". The institute further predicts that

¹² <http://www.cifs.dk/>

this is amongst the factors leading to three general future trends relevant for the topic of this thesis¹³.

10.1.1 Green growth

The first trend predicted by CIFS is focused around what can best be described as "green growth". As the word entails, this trend is focused on environmental friendly growth within existing and new lines of business. The deteriorating effect that the financial crisis has on the growth from traditional markets in USA and Asia, will force the companies and consumers within most markets to turn their attention towards alternative areas for growth and innovation - the biggest of which is predicted to be within energy efficient products and markets as well as collectivistic and infrastructural investments.

This tendency will take its effect not only on corporations - but equally in the minds of consumers who will applaud the idea of a "Global Green Deal" which bares optimism and the promise of a brighter future.

10.1.2 Stagflation

The second trend predicted by CIFS is focused on the general economical outcome of the crisis. CIFS predicts that the economical context will experience conditions like those in western economies in the 1970'ies or Japan during the 1990'ies - defined by stagflation. Consumers and employees in the western world will experience a pressure on their income and on their job safety. This is partly due to the price competition from "low cost economies" as well as the fact that they predict that competition will move to markets and products defined by the term anarconomy - a term describing the process by which traditional physical and service products will be replaced by shared services and open source products; dramatically changing the arena of competition in western economies.

10.1.3 The fall of capitalism

The last trend described in these sections is by CIFS defined as "the fall of capitalism", and is to some extent a combination of several trends - including the two above.

In its essence it is focused around the severe effects that the financial crisis, failing trust and confidence has on the behaviour of consumers and inhabitants in general. These will realize that they are the ones paying the bill for mistakes they do not see as their own and cases of overpaid and greedy executives will keep reappearing. This will in return make them turn

¹³ The following 3 sections describe 3 general scenarios, derived and subjectively added from Fremtidssorientering 2008 a,b and 2009 a,b,c.

against corporations and nations defined by traditional capitalistic values - resulting in a focus on "simple living" and support of local economies. Identity and national identity in general will become even more important.

The trends described above was as mentioned subjectively composed and presented from a series of scenarios presented by CIFS. I chose not to rely on any single trend or scenario for the simple reason that the future is not set, and that a composition of different trends will ensure the needed dynamic contextual background necessary for effective myth composition. The following sections will constructively combine theory covered by this thesis with the contextual history of Virgin and these futuristic scenarios, followed by a conclusion.

10.2 Recommendations

The first and aspect to be discussed, is the status of the icon of Branson. Previous sections revealed that the perception of the personality of Branson is not what it used to be during previous periods; in which the values and meanings connected with his personality were centred on the British national ideology, rebellion against the establishment and value for money. He *was* as previously mentioned the Robin Hood of Capitalism - a role that would fit considerably better with the predicted trends of green growth, stagflation and the fall of capitalism than the perception of the current role and iconic status of Branson; see section 9.1. But how do you align the associated myths and values of Branson with contextual trends? The answer lies in the brand strategy of the company and the personal history of Branson. Fig. 14 illustrated how meanings were transferred from Branson to Virgin; the peculiar thing is, that I believe that the "top down" meaning transfer perspective suggested by McCracken does not apply in the current state of Virgin and Branson. 40 years of meaning transfer has left it virtually impossible to separate the values of Branson from those of Virgin - *and* the other way around; hence the "ineffective" state of the icon of Branson might as well be a result of the strategies of Virgin, as it can be actual developments in his personality. Thus, the solution could; thanks to decades of meaning transfer be found solely in the strategies of Virgin; leaving Branson free from altering his personal life, and to thrive from "bottom up" meaning transfer from the company.

This might seem like a somewhat abstract argumentation, but in its basic sense, the reasoning is based on the fact that the Virgin brand is as much a part of Branson as it is a part of the company - hence the endorsement process can now be reversed and the iconic status and values of Branson simply altered by strategies of the company - and not the other way around;

something that should - given the restrictions of the age of Branson, enable a broader scope of accessible myths and values.

Three tangible changes in the brand strategy of Virgin is derived and described shortly below. A constructed framework has been added in appendix 7 to illustrate how these changes interacts with the contextually constituted world based on the trend of green growth and a wide array of theories used within this thesis; such a framework could be constructed to fit any of the trends described above.

10.2.1 Focused diversification

Although physical products mean little or nothing within the theoretical paradigm proposed by Holt, it is evident that the values of the diversification strategy of Virgin has an impacts on the perceived identity of the brand and associated myths.

Following the predicted trends of CIFS, the scrutiny of consumers will increase in the face of the financial crisis. Thus, it will become increasingly difficult to successfully compose myths based on cultural contradictions and opposing companies if the presence of Virgin is evident in both of the contradictory contexts.

Adding the points above to the contextual history of Virgin and the predicted trends, it becomes evident that Virgin should avoid extreme oppositionistic diversification. An example of such could be; Virgin Green – a multibillion dollar fund dedicated to investments in environmental investments vs. Virgin Finance, Virgin Galactic or the upcoming Virgin F1 team. The contrast between these is astounding, and the values that these imply are clearly adding to the current confusion surrounding the core identity of the Virgin brand.

Given the analyses and theoretical perspective of this thesis, I propose a *focused diversification* strategy based on values rather than actual products and lines of business. Directing the attention to the table in appendix 7, such a focused diversification strategy should be made possible by the active use of the contextual basis of Virgin, secondary associations of such, the extended brand identity and the tools connected with these with respect to the following two factors.

10.2.2 Exploiting history

The second aspect that needs to be addressed is the need to exploit the contextual history of Virgin. It is obvious that the previous myths and contextual compositions of Virgin described in sections 7.1.1-7.1.3 and fig. 13, 14 & 15 all have clear referenced to the trends predicted by the CIFS.

The myth and role of Virgin as the Robin Hood of capitalism during the 1990'ies is a perfect fit for the trend; "The fall of capitalism". The contextual framework surrounding the previous *slacker myth* resembles those described in the "stagflation" scenario. Furthermore, the *love peace and harmony myth* implied values that are directly transferable to the contextual trend of green growth and environmental focus – which is the focus of the table in appendix 7.

It is evident that the contextual material for a historical composition of myths is available, but in order for myths based on historical authenticity to be successful; a overall fit needs to be apparent in the strategies. Already having discussed to importance of the diversification strategy; the second most important aspect remains; Richard Branson.

10.2.3 The future role of Richard Branson

If the future role of Richard Branson is assessed with the theoretical perspective of this thesis, several opportunities prevail for addressing the "unfortunate" trend concerning the perception of his personality revealed in section 9.1.

First possibility: the iconic status of Branson determined in previous sections entails the possibility for Virgin to thrive on his iconity rather than his personality. This would inevitably result in a more static perception of Branson as referring to his past will limit the use of authentic dynamic myths; but if the worst case alternative is assumed this will prove advantageous. The worst case alternative could be one in which an elderly Branson no longer guide the myths of the Virgin brand in the right direction – one in which the values of his person continues to deteriorate the rebellious perception of Virgin.

Put short; the first possibility resides in the scenario in which Richard Branson prepares Virgin for the time after his era – which further underlines the importance of the two strategies above – as these are focused on the brand of virgin rather than that of Branson.

The second possibility is that Branson regains his contextual strength by actively aligning his activities image to fit with the contextual trends *and* the two strategies concerning focused diversification and exploitation of history. The contextual trends predicted by CIFS described in this thesis, offers a near perfect fit with the previous conceptions of Branson and Virgin – hence the second and in my opinion most obvious possibility; is for Branson and Virgin to rely on the myths by which they conquered markets and the minds of consumers in previous decades. Although times and products change – the values of valiancy, honesty, rebellions

and harmony does not; and these are exactly what a contextual environment consumed by crisis needs.

11. Conclusion

The purpose and general research question of this thesis was to describe and compare traditional and contextual branding; and discuss whether modern strategies of branding offer viable strategies within the modern context.

In part two of this thesis, it was established how theories of what was to be considered as traditional branding was concerned with both tangible *and* intangible aspects of brand. Hence, the material benefits and design of products was bestowed with significant importance; which indubitable was due to the original and physical meaning of branding. Analyzing the core elements of the models by Keller and Aaker revealed that the tangible *and* intangible aspects composing the value of brands could be summarized by the key theoretical term *brand equity*; which could be leveraged by traditional methods of advertising and techniques such as brand extensions and co-branding.

Whereas brand equity was the central element in traditional branding; *identity value* was central within the theoretical paradigm of contextual branding. It was apparent that the general models of contextual branding should not be seen as contradictory to those of traditional branding. Thus, they should be perceived as being a natural evolutionary part of branding in general. This assessment was underlined by the fact that the developments of contextual branding was in line with those within research in other relevant fields, such as; consumer needs, consumption and the context in general. It was evident that the tools of contextual branding rely solely on building and maintaining the intangible aspects of brands by means of e.g. meaning transfer and endorsement.

Furthermore, it became evident in the theoretical comparison, that the difference between the traditional and the contextual paradigm was more a question of a difference in perspective rather than a difference in theoretical tools and applications. Relying solely on either perspective would from a theoretical point of view be disadvantageous; and the degree to which contextual branding should be applied is highly dependent on the context *and* the company and line of business in question.

In an attempt to test the assumptions and conclusions based on the theoretical comparison above, an empirical case analysis of the history of the brand of Virgin was conducted with

respects to principles mainly from contextual branding. This analysis revealed that the brand strategy of Virgin was in line with principles of contextual branding – and had been so for almost four decades; encompassing everything from contextual myths, storytelling, meaning transfer and celebrity endorsement. In order to further analyze whether this accordance with contextual branding was coincidence or the result of exceptional perception and foresight, the case of Virgin vs. British Airways was analyzed. This analysis revealed strong evidence that Virgin actively and consciously applied aspects referable to contextual branding; and that such proved an important element – resulting in superior brand performance.

Having established the historical evidence advocating that contextual branding had been advantageous in the case of Virgin, the attention was turned towards the current context, in the attempt to illustrate how principles according to the theoretical perspectives assumed in this thesis could be applied in the case of Virgin.

By applying principles of contextual *and* traditional branding with respect to contextual trends proposed by CIFS, a number of relevant points of critique concerning the current status of the Virgin brand were revealed - problems that revolved around the founder Richard Branson, the company and the context. These were all assessed from a structured theoretical perspective, which resulted in the creation of a complete framework regarding strategies and recommendations.

On the basis of the theoretical and empirical evidence presented in this thesis, it can be established that contextual branding and the related theoretical perspectives and tools does indeed present a golden opportunity in the current context – defined by a financial crisis. However, it was also evident that contextual branding implies a number of assumptions and principles that are highly dependent on not only the contextual framework; but equally the identity of the company and line of business.

“The difference between crisis and opportunity is only a matter of the contextual lens through which ones reality is perceived.”

12. Perspective

Whilst working on this thesis, several interesting aspects for further research were revealed; that due to lack of space and the narrow scope of this thesis was only briefly discussed and analyzed.

It was in theoretical comparison in earlier sections revealed that aspects of contextual branding should not be considered as universally applicable across all industries and lines of business. It could be interesting to further examine exactly what the conditions for successfully applying principles of contextual branding are; and how and if these are applicable in industries companies such as financial institutions – which given the current contextual trends of the financial crisis could prove interesting.

A second aspect that I believe could prove interesting; is a historical analysis of contextual. It was in the analysis of the Virgin brand established that Virgin and Branson had been applying principles of contextual branding for almost four decades. It could in this sense be interesting to analyze whether contextual branding has been historically justifiable. Thus, would contextual branding have proven advantageous in previous contexts such as the great depression and the Second World War.?

Nevertheless the research conducted within this thesis had widened my scope of interest with respect to the mechanics and perspectives of branding.

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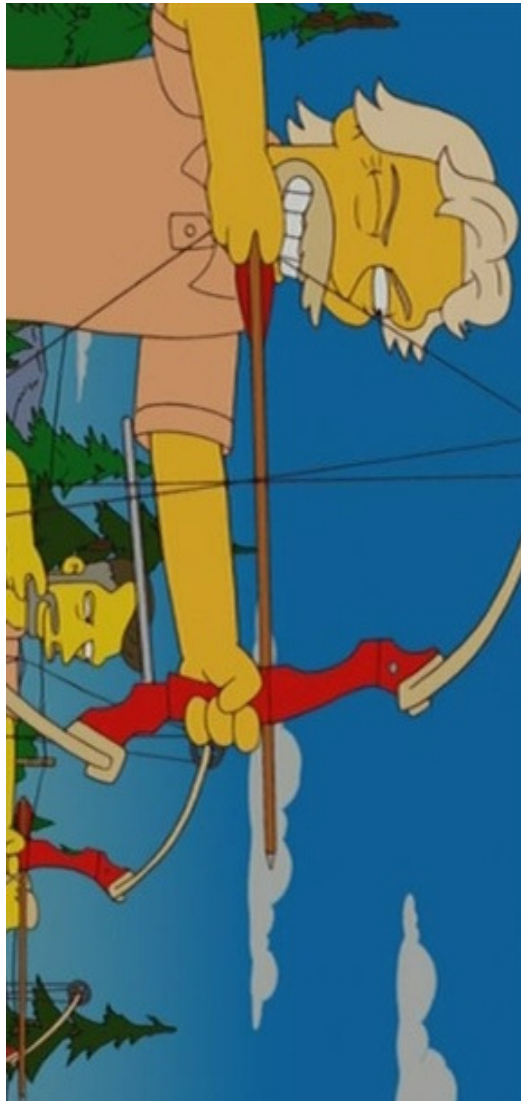
www.ipa.co.uk

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Appendix 1 – The Lur brand



Appendix 2 - Virgin commercial 1990'ies



Advertiser: Virgin Atlantic

Title: Grim Reaper

: Rainey Kelly Campbell Roalfe Y&R

Date: April 1997



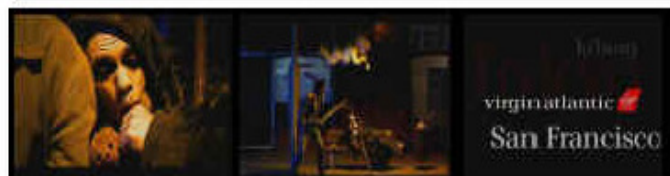
Scene opens with stone angel falling off a building. Church bells ring in the distance as the Grim Reaper appears. Fast paced music starts.



Various scenes of the man's life pass before his eyes, exciting, wild adventures and encounters.



As more and more scenes keep flashing past the Grim Reaper begins to get bored, when eventually he falls asleep.



VO: When your life flashes before your eyes, make sure you have plenty to watch

b)

upper class



It seems like every time you blink, our business class gets better...

Our award-winning business class has continually redefined the way airline passengers are treated. Along with a style of service that feels both elegant and casual, our passengers enjoy a generous range of amenities and comforts. Some are obvious, like seats they can actually sleep in.

- **Huge reclining sleeper seats** with up to 15" more legroom than other business classes
- **Complimentary limo service** to and from the airports in the US and the UK
- **Drive Thru Check In**, bypass the hassle and lines, and let the chauffeur check you in without ever leaving the car
- **Virgin Clubhouses and pre-departure lounges**, featuring state-of-the-art business facilities, and at Heathrow and Gatwick, the Virgin Touch beauty salon
- **Pajamas, full-size pillows, feather duvets and fleece blankets** with a dedicated sleeping area on select overnight flights
- **On-board Beauty Therapists**, offering massages and manicures on select flights
- **Revivals Lounge** at Heathrow, where arriving passengers can shower and enjoy a hot breakfast

virgin atlantic 



c)



The Economist. 08/11/2001

Appendix 3 - More Virgin Commercial

Advertiser: Virgin Atlantic

Title: Mr A and Mr B Agency: Rainey Kelly Campbell Roalfe Y&R

Date: October 1999



(Steve Buscemi) : Knocks on car window
(Man in car): This had better be worth it.



(Steve Buscemi) He's upgraded to the free chauffeur service: they drive you straight past check in to a VIP entrance at passport control. I mean who does he think his passengers are? the president of the United States?
(Rutger Hauer) Dirty Trick
(Steve Buscemi) Do you want me to wipe out the Chauffeur?



(Rutger Hauer) I think you'll find there is more than one
(Steve Buscemi) Oh.

Advertiser: Virgin Atlantic

Title: Kitty Hawk

Agency: Rainey Kelly Campbell Roalfe Y&R

Date: 2006



Scene opens with the pioneer walking through the sand dunes of Kitty Hawk and meets the Wright brothers by their plane.
Pioneer: So the plane's here. And how do you get to it? Chauffeur, takes you from your door to the airport.



Pioneer: You check in without leaving the vehicle. What's the flight between here and London? 7 hours right? People want to sleep with proper beds on board.



Pioneer: You're looked after by the best people. You have drinks on board, but why not sit at a bar. You eat when you want. You get to the other side another chauffeur takes you right where you're headed. You're gonna need a bigger plane.



We now pan through the new Virgin Upper Class cabin.

Appendix 4 – The contextual developments of BA and Virgin

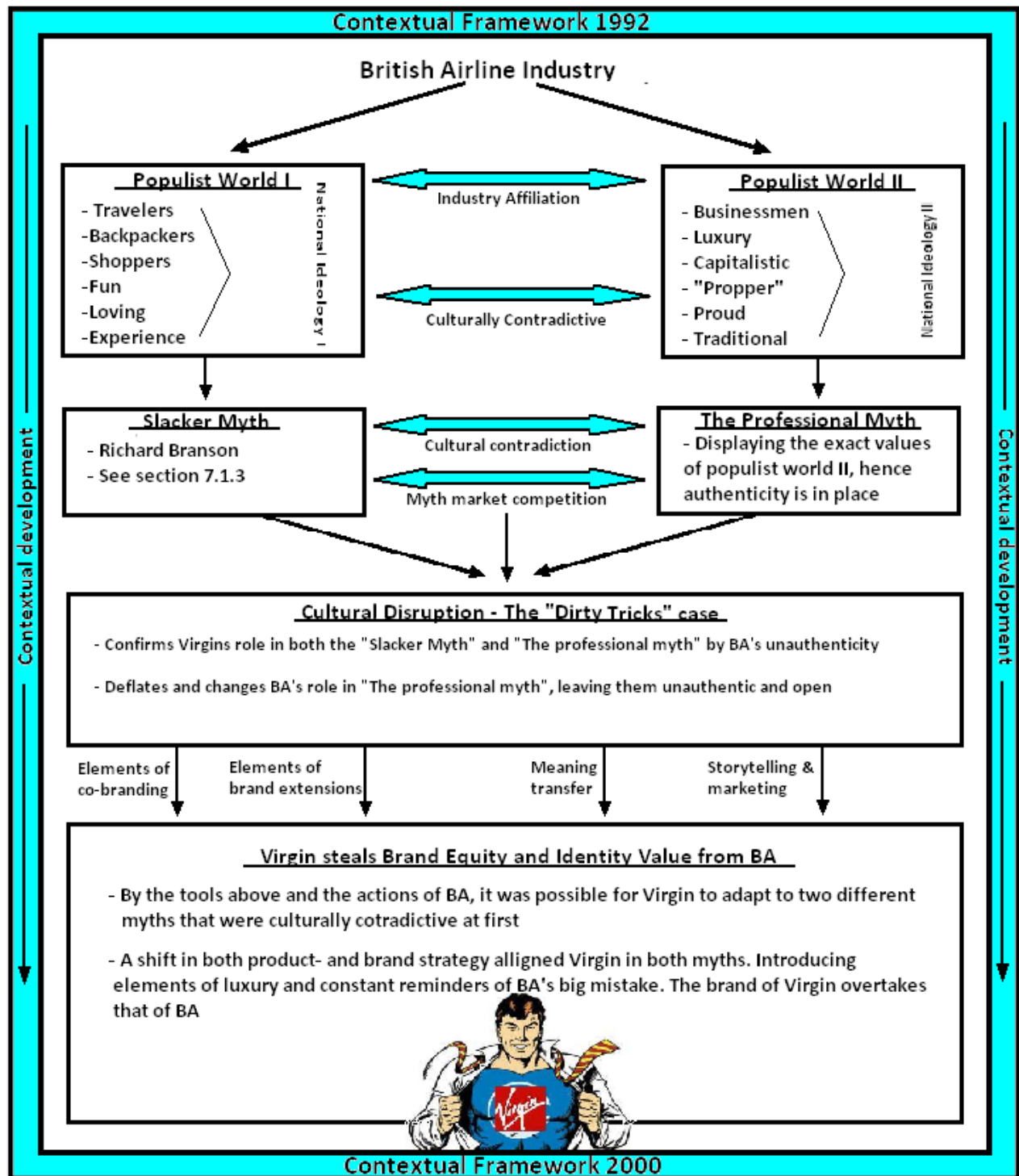


Table constructed from key points of traditional branding, contextual branding and the cases of Virgin and British airways – sections 4-7 in thesis



Appendix 6 - Questionnaire about Richard Branson

1) Richard Branson is from:

USA	Britain	Australia
-----	---------	-----------

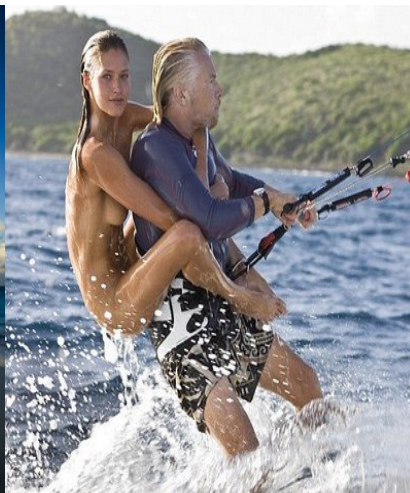
2) Which Company is he associated with?

Virgin	Coca-Cola	Nike
--------	-----------	------

3) I think Richard Branson's biggest passion is:

Being Rebellious	Enjoying the life on first class	Being adventurous
------------------	----------------------------------	-------------------

4) Which of the following pictures illustrate Richard Branson as you would describe him?



1	2	3
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5) What role describes the lifestyle of Richard Branson the most?

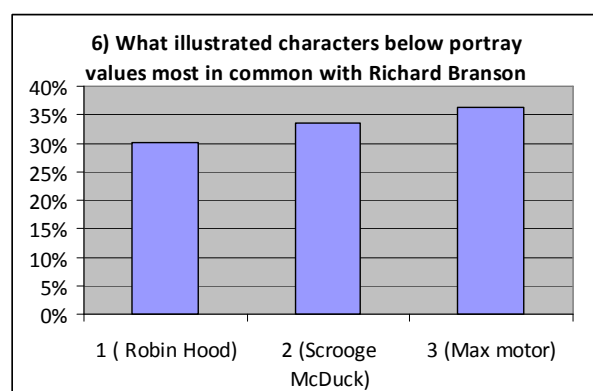
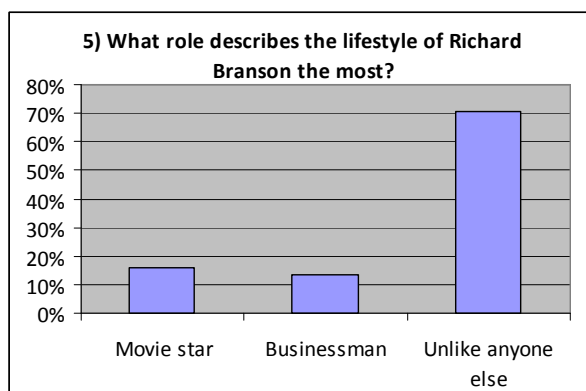
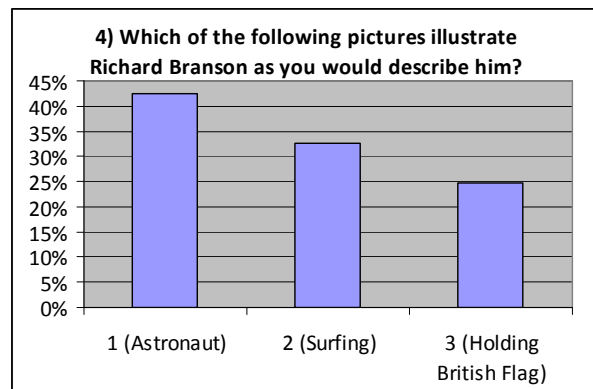
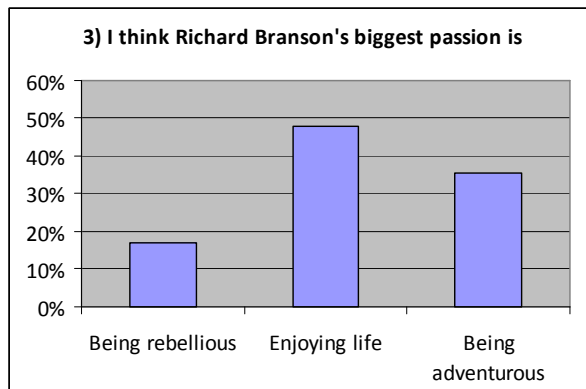
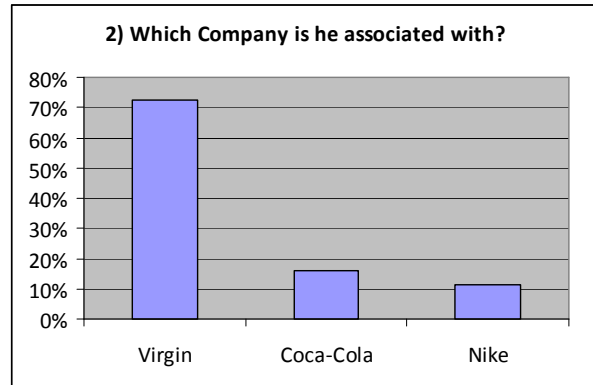
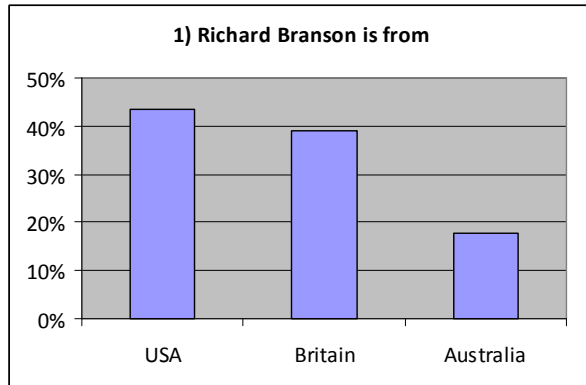
Movie star	Businessman	Unlike anyone else
------------	-------------	--------------------

6) What illustrated characters below portray values most in common with Richard Branson

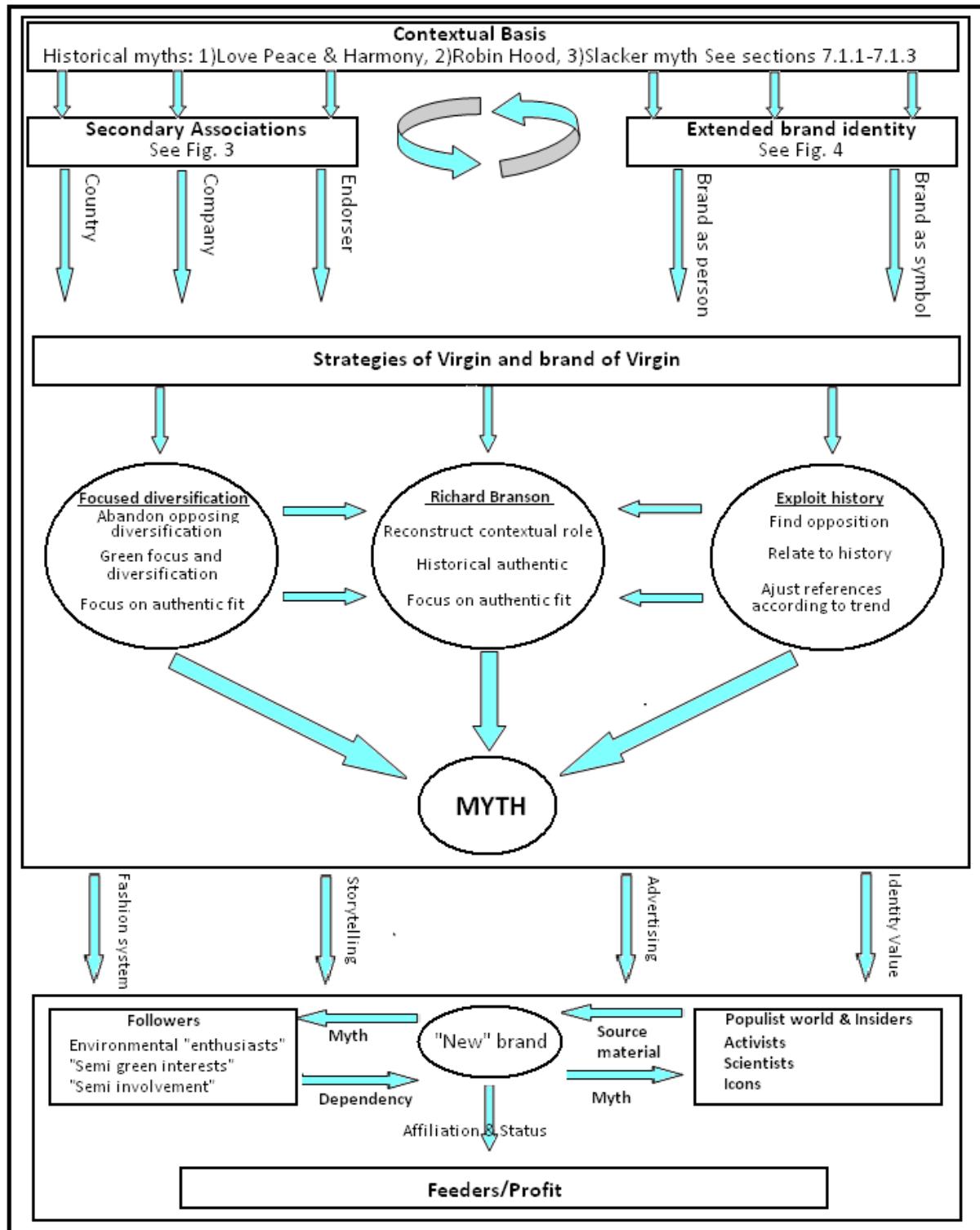


1	2	3
---	---	---

Results



Appendix 7 - Contextual framework for regaining focus





CONS



CULTURE



CONTEXT

A NEW PERSPECTIVE ON BRANDING IN MODERN CONTEXTS

Master's Thesis
M.Sc. Finance & Strategic Management

Advisor: Anne Martensen
Department of Marketing

Author: Rasmus Mars

Date for submission: October 4th 2010

Number of characters including spaces (STUs): 180.407 = 79,3 pages

Executive Summary

Is the current financial crisis the “perfect storm” of capitalism - an all destroying unavoidable factor, representing a threat for all companies; or is this crisis a unique opportunity for exceptionally perceptive and adaptive companies to capture markets and the minds of consumers by clever use of modern techniques of branding?

The following thesis examines and illustrates how methods of contextual branding – a recent theoretical branch within the branding paradigm has evolved from traditional theoretical principles to become a holistic applicable tangible theory; a theory that by the use of a historical analysis of the brand of Virgin proves to have been advantageous throughout the span of four decades. In addition, the empirical performance of Virgin derived from applying principles of contextual branding is comparatively analyzed to that of British Airways – proving the principles of contextual branding superior.

Furthermore, to test whether these principles still deem superior, this thesis illustrates how theories and strategies of contextual branding could prove advantageous in the current context – defined by the financial crisis. Thus, providing a different perspective of branding based on a variety of academic approaches, amongst which are; psychology, sociology, finance, consumption, future studies and behavioural science.

Combining the theoretical and empirical analyses above, this thesis offers unique insight and recommendations in the modern world of branding – a world in which the image of the financial crisis as the “perfect storm of capitalism” is punctured by contextual decoding and exploitation of cultural trends.

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PART 1

1.0 Introduction

As the external framework and general conditions of competition of companies change, so must their strategies in order to achieve continued success. The ongoing global financial crisis that started in 2008 and the widespread economical and psychological effects that followed, is a precise example of how external macro economical factors and trends can effect otherwise previously well functioning companies. We have all seen the documentaries and the news broadcasts of how otherwise solid financial companies are the "*victims*" of the financial crisis, bad judgement or a combination of the two. It is widely accepted that the financial crisis should be perceived as a threat.

This thesis seeks to examine the opposite scenario, and describe how companies by modern branding techniques should seek to look past the financial constraints of the crisis and into the unique cultural context and trends that such a crisis creates.

Whereas the world has never seen a crisis exactly as this, we have indeed seen how such major events affect the contextual framework and the mindset of consumers. Thus, this might prove an excellent opportunity for exceptionally perceptive and adaptive iconic brands.

Branding in its basic sense has been around for centuries (Keller 1998; Aaker & Joachimsthaler 2002). During which time the theories concerning the subject have undergone an astonishing evolution. Branding has evolved from being a simple mark distinguishing goods from those of others, to being one of the most - if not *the* most valuable asset of most major international companies (Keller 1998).

Try and imagine Nike without its logo and Coca Cola without the shape of its bottle - it is impossible. The value of having a strong brand is indisputable, and has been proven empirically time after time.

If seen through the theoretical perspective of the benefits of traditional branding and the methods of contextual exploitation by contextual branding; does a financial crisis still impose a threat? - or a rare opportunity for companies to position their brands within a rapidly changing cultural context?

1.1 Problem statement

Developments in technology and the increasing globalization, are amongst the factors leaving it increasingly difficult for companies to differentiate their products from those of their competitors; parameters such as price, product and distribution are no longer parameters of differentiation, - they are merely necessities for surviving in the long run in a world where the rational buying motives of consumers are being replaced by emotional motives within almost all markets (Jacobsen 1999; Kapferer 2001).

Recent developments within the context as well as within the theoretical framework of branding has in my opinion provided a unique possibility to analyze whether the new aspects of branding are historically justified and viable within the current context; it is these aspects that constitute the general research question of this thesis.

"Describe, discuss and compare iconic contextual branding to traditional branding, and discuss whether such could prove advantageous in the current context"

In order to fully understand the general research question and reach a successful conclusion, a number of key sub questions needs to be addressed.

- Define and outline the theoretical paradigm of contextual and iconic branding, and compare this to traditional branding theories.
- Use this theoretical paradigm and theories concerning cultural trends and developments, to identify a company with a significant iconic brand.
- Conduct a comparative performance analysis with a company in the same line of business, to uncover the potential commercial value of methods of iconic branding.
- With a basis in the theoretical perspective assumed in the case analyses, give recommendations on how the chosen brand should approach the subject of branding during the current context.

2. Method and scientific assumptions

The purpose of the following section is to inform the reader of what general methods within research and theory that has been applied whilst working on this thesis.

Generally, the subject of methodical approaches can be aggregated into three different levels (Darmer & Freytag 1996). The first of which is the science of knowledge which is considered to be of a rather abstract nature, and therefore not applicable nor excessively relevant in describing the methodical perspective of this thesis. However, the second and third level consists of the *method* and *methodical* approach, which are to be considered as the less abstract and more tangible levels of the science of knowledge. Hence the *method* chosen is to be perceived as the general perspective by which the general research problem is perceived, whereas the *methodical* approach describes the specific techniques used.

2.1 General scientific method

Originally, literature concerning the choice of what science to apply when acquiring data, dictates three different conceptions: Positivism, functionalism and constructivism (Darmer & Freytag 1996).

When faced with the choice of which general concept to adopt when conducting research, one can traditionally choose between two different perspectives, the first of which is; taking offset in a specific view of the world and its perceived reality, and thereby let the embedded assumptions of such a view have its effect in the subjectivity of the research.

The second perspective, is to let the problem in question dictate the methods; which is the choice in this thesis. This is due to the fact that the constructive perception of a given problem or reality has its offset in the fact that reality is relativistic in the sense that the perception of reality changes over time and is perceived differently by different persons. This implies that it is impossible to separate all subjectivity from any science or method. Hence how we perceive and apply problems and solutions are highly affected by the context in which we reside.

The choice of a constructive perspective is in line with the core of modern branding, which is focused around individual and subjective assumptions and perceptions. This perspective is clearly advantageous since the general problem and focus of this thesis is on the context. The goal is thereby to seek to apply methods and theories that will provide general rather than specific conclusions to the overall research question of this thesis.

2.2 General Research Method

Under the constraints of the chosen general science of knowledge in the section above, there are generally two different conceptions of how research and knowledge of a specific problem is acquired and analyzed (Darmer & Freytag 1996).

The research can have its offset in existing applicable theoretical models, and by logical research and procedure, conclude on whether or not the assumption and results of the given model is true. Or, it can have its offset in empirical data, and by the use of theory seek to explain and conclude on empirical results.

It is obvious that the choice in this thesis is the latter. This is due to the fact that the context of the present financial crisis is unmatched throughout history. Any attempt to find complete theoretical model which sole purpose is to explain the performance of brands under such uncertain contextual frameworks would surely result in a highly biased result if not a useless one.

Hence the choice of method in this thesis is based on trying to explain empirical results of a selected case, by the subjective and constructive use of theoretical models. The following section describes in more tangible terms what general theoretical perspectives and methods are used in acquiring and analyzing data in relation to the general research question of this thesis.

2.2 Specific Research Methods

Given the general choice of research perspective in the sections above, many different techniques could be applied in order to conduct the research needed to create the foundation for a satisfying conclusion.

These techniques could be characterized as being either qualitative or quantitative. Given the investigative and explanatory nature of the research question and the choice of a constructive scientific theoretical approach, the major part of the research should be conducted through the use of qualitative research methods, such as case studies, future studies and a single questionnaire. However, this thesis will also contain research and data based on historical or quantitative data due to the fact that a historical study is needed to identify potential contextual iconic brands and the performance of these.

The choice of one method does not exclude the use of the other - on the contrary. Research techniques within both categories are used in unison in this thesis - much like the interlaced use of theory and empirical data.

The qualitative research in this thesis relies heavily on one technique; case studies. The data generated through a case study will naturally be more subjective than any information derived from general statistical data. This is due to the fact that the choice of exactly which case to study is made by the conducting entity on the basis of the knowledge he or she possesses, which in return inevitably will induce expectations of what results the study will carry. Such a method as it is used in this thesis is said to be deductive or hypothesis testing (Darmer & Freytag 1996). This method is useful when researching in fields where theory already exists, such as branding.

The rest of the qualitative and quantitative research and data is for the better part based upon published and widely acknowledged material, if any should be considered unreliable or unrealistic in any way, it will be commented upon in the section in which it is used. Any financial data or calculations used in later sections comes from Datamonitor, Yahoo! Finance or the like, and should likewise be considered as correct and reliable.

The following section will briefly introduce the three main theoretical perspectives used.

2.3 Theoretical perspectives

In order to understand the content and structure of the theoretical perspectives of this thesis, a short presentation of the three general theoretical perspectives used is essential. Naturally the nature of the research question entails that a majority of the theory and literature used is centred on branding - but in order to justify the structure in later sections, a separation between what could be defined as "traditional branding" and "contextual branding" must be established; as these impose the two main theoretical perspectives.

The term traditional branding is used throughout the rest of this thesis. It is however necessary to clarify that the theoretical structure behind the term traditional branding, is based on material and theories published more recent than 1970. This might be somewhat misleading since the term branding has been around for much longer; but in order to ensure relevance in relation to the research question and topic of this thesis, it is necessary to tighten the theoretical scope.

The theoretical term of contextual branding is somewhat more recent than traditional branding.

Contextual branding is however more complex in the sense that it draws upon science within culture and psychology to a greater extent than traditional branding. Hence, in order to fully understand and apply contextual branding this thesis draws upon the theoretical aspects from many fields of science and academic research.

The research question of this thesis cannot be answered successfully without the use of empirical- and cultural theory and data. In order to gain the desired insight into the anatomy of a financial crisis and the impact it has on the cultural context and the minds of the consumers, this thesis draws upon literature and theory concerning the subject of financial crises in general.

Furthermore, this thesis draws upon the history of corporate culture and capitalism in order to create the empirical and contextual link between theories of crisis and branding.

2.4 Limitations

The intention of this thesis is to provide a valuable contribution in understanding the link between branding - contextual branding in particular and the performance of companies under certain contextual environments. As this is a somewhat narrow scope by definition, this imposes several limitations on the focus and research within this thesis. These limitations are imposed to ensure a satisfactory depth in focus, while still providing enough scope to establish and conclude on new theoretical and empirical connections.

One limit of this thesis is that the results of the research question and further recommendations are highly dependent on what empirical cases that are used. The purpose of this thesis is therefore *not* to uncover a general recipe for success, but rather to describe how the brand in question should act; given previous performance and the theoretical aspects covered. Hence the results are not to be considered as being applicable in all cases.

Furthermore, the theoretical focus in part two of this thesis is mainly on the general academic perspectives rather than a detailed presentation of specific branding techniques and strategies. This is a conscious choice made in order to get the sufficient width in the theoretical perspectives so that the later comparison and analysis will be based on a sound theoretical assessment.

The general research method assumed in this thesis implies a certain degree of subjectivity – something that is unavoidable. The subjectivity is especially expressed by three factors. The first is the choice and formulation of the general research question – which inevitably imposes

expectations with regards to results and the methods used to achieve such. The second factor adding to the subjectivity of latter sections, is the choice of theoretical perspectives and tools – which given the vast amount of material concerning branding is a result of a selective process. The last major factor contributing to the degree of subjectivity is the conscious choice of what cases to use – which indirectly is dictated by the two points above.

It is clear that the most trendsetting limitation of this thesis is the degree of subjectivity that can occur. Bearing this in mind; criticism and self-scepticism is important aspects whilst dealing with theoretical research and empirical cases in later sections.

2.5 Thesis structure

The choice of the general model of research, the constructivist perspective and deductive research methods are highly influential on the overall structure of this thesis, which can be aggregated into four major parts: Introductory sections, theoretical presentation, empirical case studies and finally analysis and conclusion. Further illustration of the contents of each major section is portrayed in fig. 1 below.

Intro & Presentation	Theoretical presentation	Empirical study & cases	Analysis and conclusion
Introduction	Traditional branding	Case selection	Past performance
Problem statement	Contextual branding	Case analysis	Future performance
Method	Anatomy of a crisis	Case comparison	Conclusion
Limitations	Theoretical comparison		Recommendations
Structure			
Part 1	Part 2	Part 3	Part 4

Fig. 1 - The structure of the thesis, source: own creation

PART 2

3. Branding

The official definition of the term "Brand" is by the American Marketing Association defined as *"a name, term, sign, symbol or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate that from those of their competitors."* (Keller 2002). The reason for this broad definition is that it seeks to describe a

theoretical term that has evolved immensely over the past century. Branding in its most basic sense was first introduced as a method for physically marking products and livestock in order to distinguish it from that of the competitors - hence the name "branding", which stems from the Old Norse word "brandr" - to burn.

As corporate history evolved, so did the term branding and the ways of how it was used and applied. Brands started to become associated with certain *product qualities, reputation* and *values*. It is believed that one of the first of such significant multifaceted brands was that of Wedgwood - a British pottery who's brand became synonymous with innovative colouring and design by the name "Queen's Ware"(McGraw 1997). Wedgwood still exists and thrives on their brand created more than 200 years ago. One of the early famous Danish examples is that of Lurpak and the "Lur" brand. Butter marked with the special "Lur" brand was instantly associated with Danish quality butter - A brand that also exist today, see appendix 1 for illustration.

Throughout history companies quickly became aware of the importance and commercial potential of strong brands. The term of branding has evolved continuously towards becoming an integrated part of the greater identity of companies. It was however not until the late 1980'ies that branding as a general tangible method for leading companies was acknowledged (Keller 2002). Since then, the term of branding has become one of the most important assets in many companies, its influence seen in everything from the corporate identity, employee politics, leadership and product appearance. The following sections seek to present the most important theoretical aspects of "traditional branding" from this era.

4. Traditional branding

As mentioned above, the term "traditional branding" might be somewhat misleading, as branding itself is centuries old. However if seen in the light of recent developments within this theoretical paradigm it *is* most fitting, that theories that are no more than two decades old can be considered traditional.

In order to gain understanding in any field of theory, it is important to understand the general accepted conceptions by which such theoretical field are defined. The definition of branding is a static one.

The existence of different definitions of the term is a testament to the fact that branding is not a fixed theoretical term; but instead highly dependent on the underlying assumptions and general theoretical perspective assumed when assessing it. To fully understand branding, one

must apply theoretical aspects from several different schools of research such as sociology, economics, psychology and marketing. Bearing this in mind, the following sections seek to provide an objective theoretical foundation.

4.1 The concept of Brand value

Despite widespread discussions of the theoretical background, there is no doubt that successful branding and strong brands have a positive effect on the performance of a given company. Most of the research conducted within the field of branding agrees on the overall beneficial effects of successful branding (Keller 1998):

- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic response to price increases
- More elastic consumer response to price decreases
- Greater trade cooperation and support
- Increased marketing communication effectiveness
- Possible licensing opportunities
- Additional brand extension opportunities

Although most agree on the general benefits, they have different perspectives on how to categorize or explain these effects. Kevin Lane Keller categorizes them accordingly: *Product effects*, *price effects* and *communication effects*. Alternatively, Ian Lewis describes how they should all be perceived as either *growth* - or *profit effects*.

In addition, it is interesting to observe the difference in opinions concerning the general reasons or origin of the general benefits - whether these are results of the effect that strong brands have on the perceptions and reactions to marketing activities by the consumer (Keller & Hoeffler 2003); or if it is due to the possible advantages within the marketing mix that a strong brand can provide (Yoo et. al. 2000).

The many perspectives and perceptions on the effects of a brand and the origin of such effects can despite their differences be summarized by one theoretical aspect - *brand equity* (Keller 1998). However, the concept of brand equity is to some extent a subject of debate itself.

In the theoretical world of traditional branding, three different streams of academic research have defined or conceptualized the term of brand equity: psychology, economics and biology & sociology (Keller 2002). Despite the obvious difference in perspective, they all roughly agree on the fact that brand equity is the "more value" perceived by the costumer when presented with a product backed by a strong brand, as to when compared to a product without any significant brand association.

4.1.1 Psychological approach

The psychological perspective for assessing brand equity and branding in general has its academic offset in theories of cognitive psychology - concerned with explaining the effects of branding by cognitive and associative network memory models (Keller 2000). In other words, consumers categorize and memorize products **and** brands based on cognitive and emotional assessment of attributes, rather than on logical or rational reasoning (Keller, 1998; 2003; Loken & Roedder 1993).

Although agreeing on the general perspective of psychology when assessing brand equity, different researchers have applied different approaches in attempting to understand and explain the phenomena. Most of the research done by Keller on the matter of brand equity is conducted with a heavy focus on consumer behavior (Keller 1998; 2000; 2003), and so he defines costumer based brand equity (CBBE) as: "*The differential effect that brand knowledge has on consumer or costumer response to the marketing of that brand*"(Keller 1998)

Keller's conception of brand equity relies heavily on the notion of brand awareness and brand associations, which are key concepts in building and maintaining CBBE. Keller's definition of CBBE is moderately simple and precise, but his theoretical models supporting this definition are more complex. However a general model displaying the concept of CBBE that emphasizes the importance of the relationship between costumer and brand has been established (Keller 1998; 2002; 2003), and is illustrated in fig. 2.

An interesting theoretical perspective within the psychological approach in relation to this thesis is that of David Aaker. Aaker approach brand equity and branding in general from a managerial perspective. Hence, most of the research and published material is concerned with describing the importance of including considerations of branding in most aspects of a company. Aaker defines brand equity as consisting of 4 separate parts that represents either assets or liabilities for a given brand, symbol or company: *brand awareness, perceived*

quality, brand associations and brand loyalty. Aaker also emphasize the importance of the relationship with the consumer (Aaker & Joachimstahler 2002). This is particular evident in the definition of the theoretical concept of "brand identity" - in which he endows significant importance. Brand identity consists of twelve separate concepts categorized within four general perspectives that companies need to build and maintain in order to: "...Establish a relationship between the brand and the consumer by generating a value proposition involving functional, emotional, or self-expressive benefits."(Keller 1998).

However, Aakers definition of brand identity is a static one contrary to several new perspectives, which is seen in his description of core identity: "The core identity is most likely to remain constant as the brand travels to new markets and products..."(Aaker & Joachimstahler 2002). The Aaker conceptualization of brand equity is also portrayed in fig. 2.

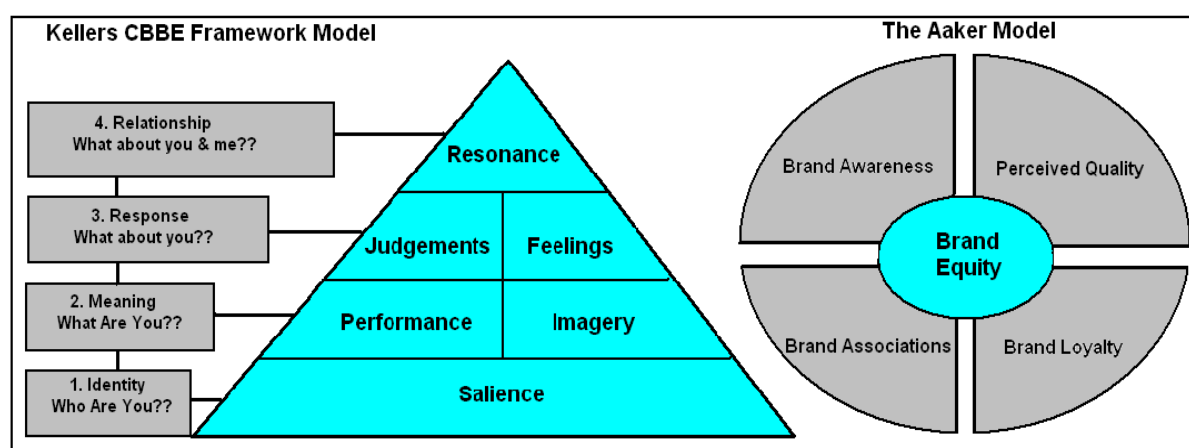


Fig. 2. - Conceptions of brand equity. Source: Constructed from original models from Keller 1998 and Aaker & Joachimstahler 2000

The models of Keller and Aaker are in relation to this thesis considered as cornerstones in the theoretical concept of traditional branding - and are used extensively throughout the remaining sections as well as for explaining crucial elements within the concept of contextual branding.

4.1.2 Economical and Sociologic approach

As most of the focus within the theoretical aspects of Keller and Aaker are based on the psychological perspective described above, this section on the economical and sociologic approach will be rather short and restricted. Leaving these 2 academic approaches out when describing traditional branding, would however be a mistake as they both contribute significantly to the general theoretical paradigm. Furthermore, the theoretical and academic borders separating the 3 perspectives are blurred.

The academic approach defined as being economical is different from the psychological approach in the sense that it relies *less* on behavioral aspects of the consumers, and more on the rational economical arguments of free markets and asymmetric information (Keller, 2002).

The contributions of Erdem and Swait (1998) is an example of a economical/rational approach of brand equity, as they consider brands as tools for informing and signaling consumers on attributes and aspects of products and companies, thereby reducing the need for information and research of the consumer. They still consider brand equity as being based on a relationship with the costumer, as a result of credibility rather than cognitive and psychological aspects (Erdem & Swait 1998).

The biologic and sociologic perspective is interesting and important in relation to this thesis, as the concept of contextual branding explained in later sections has part of its theoretical background in this school of branding. Compared to the psychological and economical perspectives, the social perspective does not focus solely on the two-way relationship between the consumer and the brand. Instead, the focus within this perspective is on the broader general cultural and anthropological importance of brands - in the sense that the popularity and success of brands are due to cultural and social trends, rather than the attributes and quality of products and companies (Keller 1998; McCracken 1993; 2005; Holt 2005).

It is evident that the three different academic approaches differ in their theoretical perspectives and the assumptions that these imply. However, it is obvious that they all agree on the basic benefits and effects that having a strong brand entails. Hence, the different perspectives should be seen as different paths to a common destination, whereas different scenarios and different contexts would require emphasis on any of these three perspectives. Bearing these similarities in mind, I believe that the original CBBE framework for building costumer based brand equity proposed by Keller, with a strong focus on the costumer relationship is a suitable general model for displaying the theoretical paradigm of "traditional branding". Further attributes of the CBBE framework is illustrated in fig. 3.

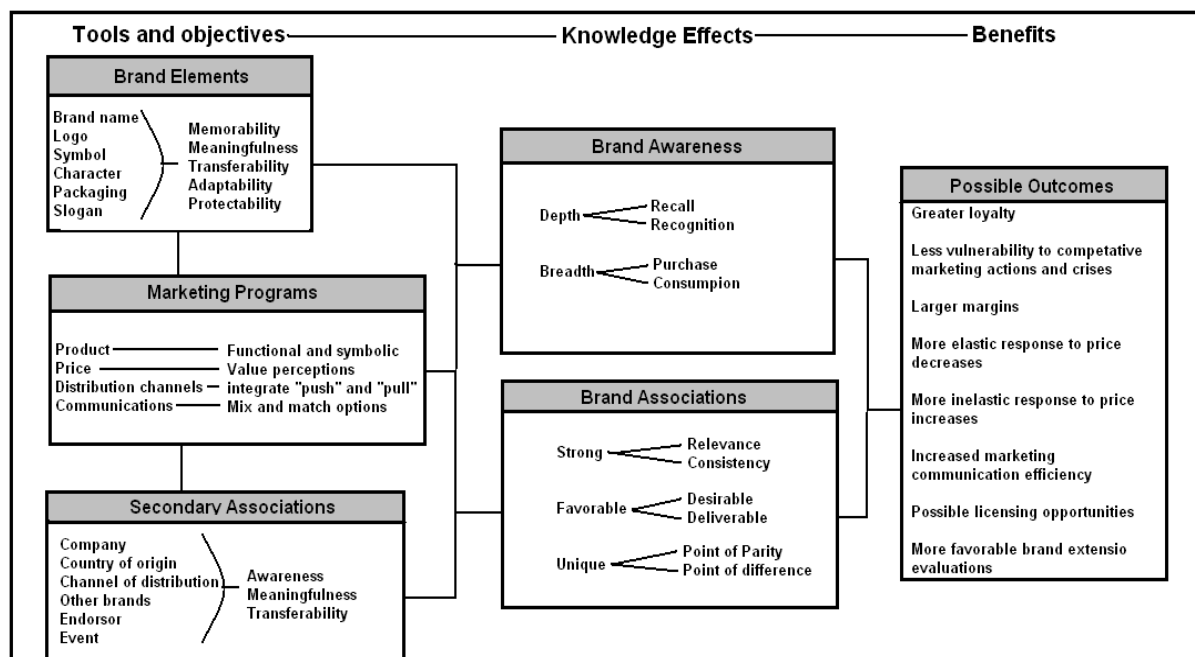


Fig. 3 - Building customer based brand equity, Source: Building, measuring and managing brand equity, Keller L. Kevin, 1998, page 69.

4.2 Measuring brand value

Naturally, the different academic approaches of the subject of brand equity have aspired several different ways of how brand equity is observed and measured. Keller and Lehmann (2006) prescribe that brand equity should be measured and investigated at three different levels: *customer*, *product* and *financial*. The first of these approaches is the customer based approach, where *"The value of a brand - and thus its equity - is ultimately derived from the words and actions of consumers"* (Keller & Lehmann 2006). Hence the value of a given brand is by this approach measured implicitly or explicitly by the knowledge and associations of a brand in the minds of consumers. Although this might appear rather abstract and hard to measure, several models have been developed to capture and measure these aspects, e.g. the AIDA model¹ and commercial models such as BAV² and the similar BrandZ database³ - models that all result in vast commercial databases. Such customer equity based models are largely derived by focusing on different emotional areas like those illustrated in the Aaker model in fig. 2 organized in a chain or a hierarchy (Keller & Lehmann 2006).

When assessing the value of brand equity on the product level, researchers have focused on studying the differences in price premiums, price elasticity and sensitivity to competitors' reactions (Keller & Hoeffler 2003). Numerous empirical studies supports the correlation

¹ Awareness-Interest-Desire-Action

² Brand Asset Valuator, www.brandassetconsulting.com

³ www.Brandz.com

between leading brands and the beneficial tendencies mentioned above. However, it has been debated to what extent brand equity can be accredited for such effects or if the correlation is the result of other determining factors (Keller & Lehmann 2006).

A third approach for measuring brand equity is based on models that study and interpret financial performance. Two popular indicators of financial performance used in such a way are Tobin's Q and incremental cash flows, which accrue to branded products over unbranded products. When applying these methods, researchers seek to measure, define and explain the components of market value *unexplained* by financial assets (Keller 2002; Barth Et. al 1998; Simon & Sullivan 1993).

As it was evident in the conceptualization of brand equity, the subject of measuring and defining the value of brand equity is highly dependent on the academic perspective applied. The following section reflects on how the benefits and the value of branding are reaped, by describing the core theoretical elements of brand building.

4.3 Traditional Brand Building

According to researchers it requires considerable effort and focus on a wide scope of tangible and intangible aspects to build a brand from which benefits will transpire.

Keller considers the term "brand elements" as a general description of the tangible physical "trademarkable" markers by which a brand or product is physically defined; such as logos, design and packaging, see fig. 3 (Keller 1998, 2002). Of more importance in this context, are the criteria for *selecting* and *designing* successful brand elements imposed by Keller: Meaningfulness, memorability, transferability, adaptability and protectability (Keller 1998).

Countless studies have been made to illustrate the importance of tangible aspects, ranging from the choice and combination of letters,

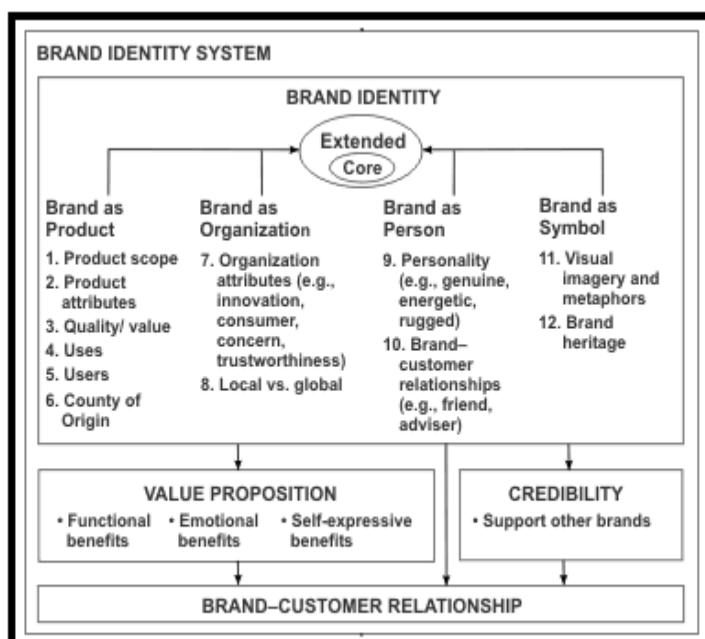


Fig. 4. Part of the brand identity planning model. Source: Aaker & Joachimstahler 2002, p. 44

to the cultural and semantic implication of certain names and different values imbedded in these (Keller 1998, 2002).

Aaker and Joachimstahler have similar - but more radical views on how the tangible and intangible aspects of a brand should be considered and separated. Their perspective is evident in their term of brand identity - and the related holistic strategic model of *brand identity planning*, a part of which is seen in fig. 4.

They propose that brands are built and maintained by focusing on the core - and extended identity of a brand; resulting in a value proposition consisting of both tangible (functional benefits) and intangible (emotional benefits).

Keller has similar views on the aspect of brand intangibles, and agrees on the importance of brand personality as seen in fig. 4. Brand personality is considered to be the human traits of a given brand, by which a relationship with a costumer can be established - a key element in all branding models within the customer based brand equity perspective.

Whether the intangible aspects of brands are defined as the knowledge effects of the CBBE model, or parts of the extended brand identity in the brand identity model; the value of such aspects is undeniable- and given the fact that such intangible aspects gain their value in the unique mindsets of the consumers - the possibilities are countless. One particular interesting intangible aspect in relation to this thesis and latter sections on contextual branding is the recognition of "brand communities".

Within the theoretical paradigm of traditional branding, Muniz & O'Guinn defines a brand community as "... *a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand*"(Muniz & O'Guinn 2001). Such communities have an immense impact on the set of values and the moral and behavioural aspects of consumption by consumers.

The existence of such social communities centred on one or more brands is a cornerstone in the theoretical perspective of iconic- and contextual branding introduced in later sections.

4.4 Leveraging the brand

Having chosen the brand elements and general marketing programme, the stage is set for leveraging the brand equity by methods such as brand extensions and brand associations. Keller describes secondary brand associations as being the possible link between the brand and other entities that have their own knowledge structures in the minds of the consumers.

This might in some cases result in the transfer of consumer responses and associations from one entity to another; hence if done successfully, one brand can "borrow" or "steal" brand knowledge or even brand equity from another entity (Keller 2002). This process has by McCracken been described as "meaning transfer."

These sections focus solely on the general topic of brand extensions and co-branding - both of which are related to all the factors within the list.

4.4.1 Brand extensions

The subject of brand extensions has since the introduction of brand equity been the subject of immense research. The exact definition of brand extensions relies on the academic and theoretical perspective by which branding is perceived. The research on consumer brand extension attitude formation by Keller and Aaker (1992) suggest the definition: "*The use of an established brand name to enter a new product category*"(Aaker & Keller 1992), by this definition, the benefits of brand extensions are obvious - companies can, if applied successfully, avoid the costs and risks associated with building a new brand, by convincing consumers that the positive attributes associated with the original brand are relevant to the new product/brand (Aaker & Keller 1992). According to Aaker and Keller, the success of brand extensions is determined by three factors:

1. "... **Attitude** toward the original brand" - which in the theoretical paradigm could be defined as the amount of brand equity.
2. "... **fit** between the original and extension product classes"
3. "... **perceived difficulty** of making the extension".⁴

The advantages of brand extensions are numerous and rather obvious, but if the perspective of Aaker and Keller above is assumed when assessing how to successfully leverage brand extensions; it becomes clear that conditions for successfully transferring a brand across different product lines, impose barriers.

Many researchers have turned their attention to studying the potential reverse and negative effects that can occur if brand extensions fail.

One of the most interesting aspects of disadvantageous brand extensions is the potential negative impact on the parent brand. Aaker and Keller conducted an empirical study, that

⁴ All three quotes are found at: Aaker & Keller, 1990, p29

suggested that the consumer perception of a given parent brand was *not* affected by negative attitudes or incidents towards sub brands (Aaker & Keller 1990). More recent studies by other researchers have however questioned the validity of these findings (Barrett et. al. 1999). In addition Keller recognizes the so-called dilution effects of parent brand image in his later publications (Keller 2002). Martinez and Chernatony (2004) introduces a brand extension perspective in which the brand image is classified by two types: the general or parent brand image, and the product brand image. They suggest that if the brand name is strong enough as e.g. Nike or Sony, the negative implications on brand or product extensions will cause no extensive damage on the general brand image - hence "*...the dilution effect is greater on product brand image than on general brand image*" (Martinez & Chernatony 2004). It is evident that the results of these studies vary depending on the context in which they were conducted.

Later sections will discuss the importance of such contextual and cultural aspects in explaining why some companies such as Virgin, can extend their brand across a seemingly limitless amount of lines of business, whilst other types of companies have failed in doing so.

4.4.2 Co-Branding

Closely related to the subject of brand extensions, is the topic of co-branding - a branding method that since its introduction has become increasingly popular. The list of secondary associations by Keller presented in the section above, illustrated how interaction between brands can leverage the brand equity of one *or both* the brands; which is exactly what co-branding seeks to achieve.

Brand alliances and co-branding in general is no new aspect in the world of branding; the ways in which it is applied have however evolved in recent years. Traditional brand alliances was typically between brands within the same industry, e.g. different companies within the food or snack industry would combine products. Examples of such are the collaboration of McDonalds and Nestlé in periodically launching products like the McFlurry with Smarties. A example could be that of Marabou and Daim. Both examples are illustrated below.



Fig. 5 - Examples of Co-Branding, Source: Own creation

In recent years, co-branding between companies and products within widely different industries have become popular. An example of such is the strategic alliance of Starbucks and Apple in 2006; in which popular music from Starbucks cafes became available in a special feature in iTunes⁵. On first glance, an alliance such as this seems to lack fulfilment of the criteria of fit and transfer between products - described in section 4.4.1.

However, if the transfer is focused on the *intangible aspects* of brands and brand identity - an alliance such as that of Starbucks & Apple starts to make sense, as many of the secondary associations and the extended identity are focused on the lifestyle and image of its consumers. The result is a fit between the *brand identities* rather than a fit between products. In recent studies Batra et. al. empirically illustrate this point.

4.5 Corporate vs. product brand building

It is clear that the sections of traditional branding covered so far have distinguished between internal, external, primary and secondary brand elements. Furthermore, theories of Aaker and Keller described how these traits were associated with the physical product as well as brand intangibles. In recent years the term of corporate branding has been gaining a foothold as general theoretical term that covers all these aspects of branding.

It is evident that the term of traditional branding used throughout this thesis is *not* just defined as being focused on product branding - the theoretical paradigm encompass several aspects relating to the holistic and identity based view on branding; which further underlines that the following theoretical proceedings concerning contextual branding is *not* to be perceived as an

⁵ <http://www.apple.com/pr/library/2006/oct/05starbucks.html>

alternative theory, but rather as a evolutionary theory - derived and created from principles according to "modern traditional branding".

This section concludes the sections concerning the presentation of "traditional branding". The subject of branding is as mentioned earlier a vast theoretical subject. The choice of theoretical topics presented is a result of the my assessment of relevancy in connection with the general topic of this thesis.

In addition, the topics of the theoretical sections so far, was chosen due to their relevance to the second main theoretical aspect of this thesis - Contextual and Iconic branding

5. Contextual iconic branding

Previous sections have sought to describe general aspects of traditional branding. The proceedings in following sections are somewhat different. These sections are dedicated to describing the concepts of *one* recent branch of branding - namely contextual iconic branding. Although contextual branding should be considered as an independent theoretical framework, the reader must keep the aspects of traditional branding in mind - as it is from these that the theories of contextual branding has emerged. The core theoretical aspects of contextual branding presented in these sections, are those presented mainly by Douglas B. Holt, supported by additional theoretical aspects.

In accordance with the previously described general research method of this thesis in section 2.2 - the purpose of the following sections is double sided, as they serve the purpose of providing the necessary theoretical insight needed to identify relevant empirical cases - as well as serving as the theoretical tool by which these cases are later analyzed.

5.1 Icons as brands and brands as icons

Naturally, the development in branding has always been closely related to that of other schools of academic research and social science. It can be argued that the first seeds of a need for a different type of branding were already planted by Levy in the 1950's with his notion that the product no longer was the only entity consumed - symbols and brands were perceived as equally important (Levy 1959). The scope of branding has been increasing ever since, encompassing both the marketplace and the social landscape, transforming such into a commercial "brandscape" (Salzer-Mörling & Strannegård 2004).

One of the most recent and complete theories based on these "new" views of consumption and branding, is that of Douglas B. Holt - concerned with contextual branding.

Contextual and iconic branding as presented by Holt has its offset in the notion of icons and exploration contextual and cultural trends.

History has shown that cultural icons can be anything or anybody - ranging from persons such as Oprah Winfrey, David Beckham or Barack Obama, to companies such as Virgin, Nike, Apple and even buildings such as the Statue of Liberty or the Empire State Building. In other words - icons can appear in any form within any given context. The typical dictionary definition could be: "*a person or thing regarded as a representative symbol, especially of a culture or a movement; a person or an institution considered worthy of admiration or respect*" (Oxford English Dictionary 2010), which put short, according to Holt, could be expressed as "*...cultural icons are exemplary symbols that people accept as a shorthand to represent important ideas.*" (Holt 2004) These definitions gives an impression of the potential impact on consumers, but no clue as to how such icons are created, maintained, exploited; and of special relevance to the subject of this thesis - how this relates to branding.

The existence of icons dates back as long as human history. Originally, icons were created as products of religion and myths. But as with the subject of branding; the catalysts behind the emergence of icons have undergone drastic evolution (Holt 2002, 2004). From being the products of myth and religion, - to becoming precisely calculated commercialized products, appearing in most industries, ranging from sports to politics.

Academic research of culture, anthropology, sociology and history have analyzed *why* icons have come to posses such massive importance in societies all over the world. Amongst the results was the notion of how cultural icons imply and carry certain cultural stories; defined by Holt as identity myths (Holt 2004); myths that consumers use to address and identify with in order to define and justify their own personalities and identities. Hence, the value of icons resides in the symbolic value. The research of Holt seeks to illustrate why and how some of the most successful brands in the world have been build and commercialized in accordance with century old principles of icons (Holt 2002) – **Enter icons**

5.2 The contextual definition of a brand

In contradiction to the fundamentals of traditional branding, contextual branding does *not* consider names, logos and design as elements of a brand; these are mere empty markers (Holt

2004). A brand does not truly exist in a given context or in the minds of consumers before these physical markers are filled and associated with stories, myths and consumer experiences. Holt generally defines four sources from which such stories and myths are generated:

- Companies
- Culture Industries
- Intermediaries
- Consumers

Furthermore, he states that marketers and researchers in general perceive branding as a psychological phenomenon - solely based on the *individual* assessment of the given product or brand. In the world of contextual branding, the strength of a brand reside in the *collective* denominators of such perceptions; hence it is the general context in which a brand resides that becomes dominant in the relationship with consumers - **Enter context**.

Having showcased the importance of **icons and context**, a general term for further use in relation with this thesis can be defined. For the sake of simplicity, the term contextual branding will be used henceforth, and should be perceived as a holistic theory regarding the aspects of contextual, iconic and cultural branding.

5.3 The contextual strength of brands

While agreeing on the general benefits associated with having a strong brand, the theoretical paradigm of contextual branding has a different assessment of what the catalyst for reaching such benefits are, as well as how weak or strong brands are defined.

Researchers in traditional branding agree that the strength of a given brand can be defined by the term brand equity - previously described in section 4.1. However, Holt defines the strength of a brand by the term identity value (Holt 2004). This term describe the degree to which a brand is perceived as important in relation to the identity of a given consumer. This concept - as presented by Holt, results in a classification of brands, ranging from identity brands to genuine cultural icons. This framework is seen in figure 6.

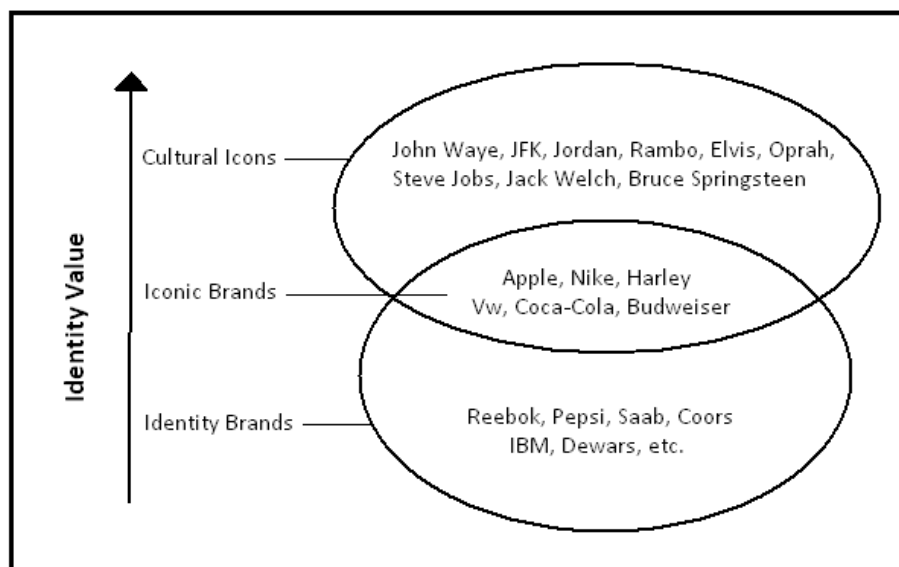


Fig 6, Iconic brands are brands that have become icons, source: Holt 2004, p. 4

It is evident, that this framework does not encompass all brands - seeing as identity brands illustrated in the bottom, are still considered more valuable than conventional brands - hence, the theoretical paradigm presented in these sections, should be considered as a theoretical tool for analyzing why certain brands perform *exceptionally* well under different contexts - even a financial crisis.

By definition, a brand becomes an identity brand as soon as consumers value the brand for what it symbolizes, rather than for what it does. An example of which is when consumers visit Starbucks in order to feed of and portrait the lifestyle that emanates from the restaurant and the concept of a third place⁶. The brand becomes an object by which consumers seek to create their desired identity - by "clothing" themselves in the myths, associations and values of the desired brand (Holt 2004).

In line with the theoretical views of Holt, Fournier (1998) describes how the perception of brand identity should be taken one step further. According to Fournier, a brand should be perceived as a person with whom consumers have a relationship.

If successful, the best of brands communicate so much identity value, that they achieve iconic status - see fig. 6. Once iconic status is achieved, the given brand is seen as an institution in

⁶ The concept by which Starbucks define themselves and their restaurants; not at home, not at work - but somewhere in between.

society from which myths and identities are created and "fed" on by not only consumers, but also smaller and less significant brands.

Having established the contextual and cultural concept of a brand, it is interesting to examine and define the factors and processes by which iconic brands are created - which is essential for identifying and analyzing the empirical cases in later sections.

5.4 Building Iconic Brands

The following sections seek to provide an overview of the elements of brand building within the theoretical paradigm of contextual branding. As seen in fig. 6, the basis of all iconic brands is the notion of identity value - for which the actual physical product has no significant importance; identity brands compete on myth markets (Holt 2004). To many marketers and researchers, this is a controversial statement, which from a traditional theoretical point of view is hard to grasp; how can major brands be build on cultural briefs, contextual contradictions, fictive myths and stories? To understand this, one must first understand why such factors have become so appealing to consumers, shifting of the "arena" of competition towards myth markets.

5.4.1 The structure of myth markets

Myth markets is the stage upon which identity brands compete (Holt 2004) - the structure of these is unlike that of any traditional markets, which are often defined by either products or/and industrial clusters (Porter 1998). Myth markets are defined as being composed by three separate "building blocks": *National Ideology*, *Cultural Contradictions* and *Populist worlds*. The structural interaction of these is seen in fig. 7.

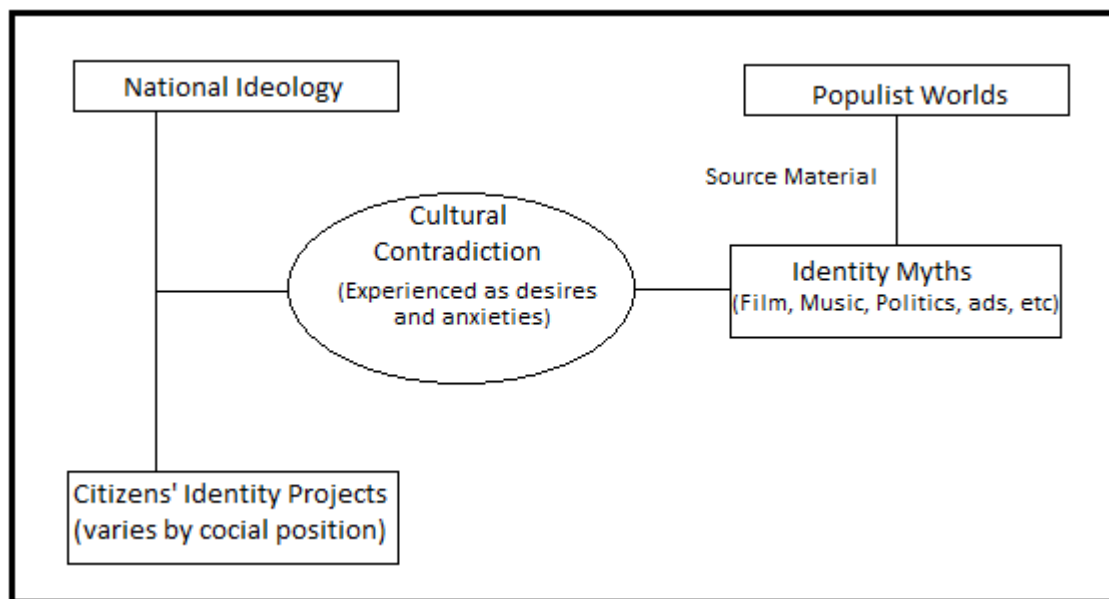


Fig. 7, The Structure of a myth market, Source: Holt 2004, p. 58

In order to understand the implications of the interaction of the three "building blocks", one must first understand the concept of these.

5.4.2 National Ideology

The nationality of a given brand is extremely important, as this implies more associations than just those of flags and languages. Nationality imposes a general framework, including a moral consensus, institutions and different sets of values - by which the rooting factors in the identities of the inhabitants and consumers are defined (Holt 2004).

The nationality is by Holt considered to be the fundamental aspect in forming the general moral imperatives, that propel people and consumers to pursue national goals as they seek to create identities that meet the society's definition of success and respect. These findings are supported by Batra et. al. (2009) according to whom the nationality of a given brand greatly influence the choices of consumption made by consumers.

Expressing a national ideology is not a question of declaration; - the ideology of a nation is created and maintained by a number of often critical historical myths - of which the most important are the ones that are concerned with how citizens are linked to the so-called "Nation building project" (Holt 2003, 2004). This is important not only in relation to the citizens of a country, but also to the creation of the "external national ideology" with which foreign consumers might choose to identify (Batra et. al. 2009; Holt 2004)

The conceptualization of the importance of national identity might seem somewhat abstract. An example, is that of the American national ideology.

Few people can claim *not* to have associations of USA when confronted with names and brands such as Coca-Cola, McDonalds and Ford. These iconic brands all tap into the national identity of USA in their own ways; e.g. the history of Ford portray the national values of individual success, manhood and superior industrial power (McGraw 1997) - resulting in a conscious and unconscious association between brand and national ideology. However, such associations does not appear out of thin air; they are the results of cautiously planned marketing and the creation of myths; - myths that throughout time have become part of the national ideology itself and thereby seen as authentic.

As mentioned above, some myths created and aspired by major companies, can if very successful be traced in the national identity of a given country. According to Olins (1999), such occurrences are atoned to the phenomena by which companies and nations are trading identities with respects to branding. The reasons for this recent development, are according to Olins that major international companies are still growing in power and influence. At the time of his research (1999), Olin found that 46 out of 100 of the world's largest economies were companies *not* nations. Secondly, due to the increasing rate of globalization and international competition, nations are forced to focus on inward investment, tourism and export (Olins 1999). Hence soft areas such as social security and responsibility are now being addressed by companies at an increasing scale.

It is safe to say that nations and companies are dynamically interdependent and that national identity is important in all contexts.

5.4.3 Cultural Contradictions

The ways by which the identity projects of consumers relate to national ideals vary greatly within different societies in any given context. Nowhere is this more evident than in the USA. Few would agree that the perception of the definition of the national ideology by an inhabitant in Eureka Springs AS⁷ is the same as that of an inhabitant in New York City. The reason *why* the different individual identities in the country relate to the national ideology, is according to Holt due to the existence of so-called *cultural contradictions* (Holt 2004, 2003).

⁷ Small town in Arkansas, chosen randomly but specifically to represent a typical small "hillbilly" town

Cultural contradictions are the results of the demand for a symbolic resolution needed to help "smooth" the tensions in the process of creating identities. In other words; cultural contradictions help fuel myths designed to justify the individual identity in relation to the national ideology - hence its position in the myth market framework, see fig. 7. Cultural contradictions play a central role in the creation of myths in society. But as with most concepts in the world of branding, cultural contradictions evolve and change over time - thereby changing the associated myths within the context; which in return fuels the need for a constant dynamic focus in order to maintain the desired position within the cultural brief and populist world.

Such changes are eminent when so-called cultural disruptions occur. Cultural disruptions are major changes in the contextual environment that changes the general consensus and in some cases even national ideologies (Holt 2004). An example of such a disruption is the ongoing financial crisis. This crisis has changed the way most people perceive the financial context. Thus, cultural contradictions within this paradigm are perceived as threats *as well* as opportunities.

5.4.4 Populist Worlds

Whilst cultural contradictions serve as an intermediate in the interactions between the individual identities and ideology; populist worlds serve as the raw material from which myths are built. Holt defines a populist world as: "*... groups that express a distinctive ideology through their activities*" (Holt 2004). Populist worlds are considered as "potent cultural institutions" due to the degree of authenticity they emanate to the "outside world", which stems from three different characteristics (Holt 2004, 2002):

1. Populist worlds are folk cultures- voluntary and not imposed.
2. Activities in populist worlds are intrinsic valuable to the participants; hence the value perceived is not regarded as external benefits or the like.
3. Populist worlds are set in places removed from politics and commerce, hence removing the doubt of an alternative agenda.

These three points all add to the perception of authenticity, but as populist worlds grow, so does the attention they get and their commercial potential; often resulting in a conflict in point three above. A perfect example of where such developments and deterioration of populist

worlds take place, is within the music industry. Here, previous underground bands lose their authenticity as their popularity grows and leaves them "mainstreamed"

In relation to populist worlds and the internal structure of consumer groups, Holt define three different groups of consumers surrounding brands (Holt 2004): Insiders, followers and feeders. These three groups all interact, draw upon, and contribute to the context surrounding a brand. Furthermore, the *internal* relationship between these groups is also highly influential on the surrounding context - thereby affecting the creation of myths and the degree of loyalty these impose. Figure 8 and the following sections below illustrate the importance of these three constituencies.

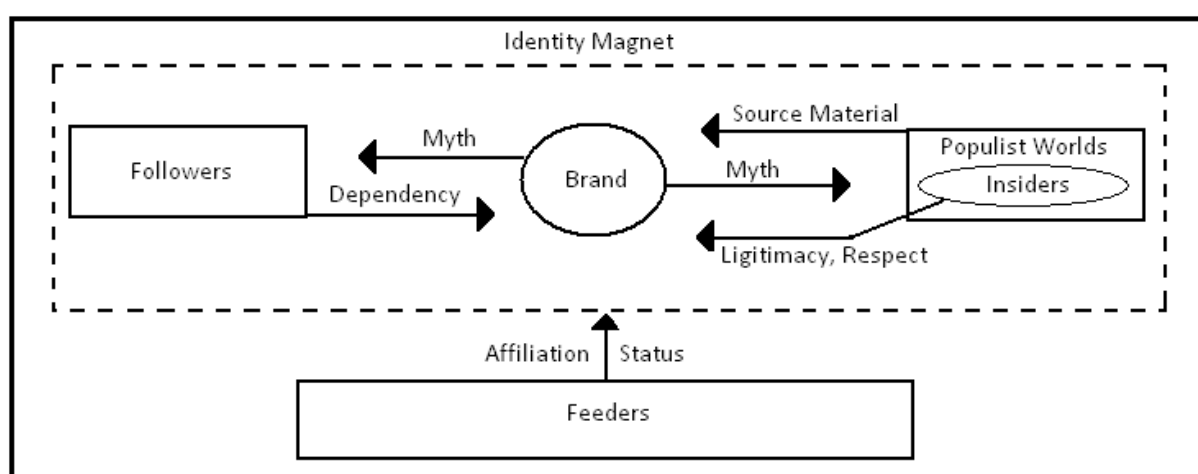


Figure 8, Brand Loyalty is a product of the social network, Source: Holt 2004, p. 140

Followers

Followers are within this terminology considered as the group of consumers which identify with the myth of a brand the strongest. This group relies on a given myth to satisfy their everyday desires and anxieties (Holt 2004). As a result of this dire need for myths, followers become dedicated and infatuated with the target or provider of myths - the brands. The followers constitute much of the basis for the iconity of brands - and their degree of loyalty is substantial. However, they are not to be considered as blind followers - they only turn to a given myth for identity value as long as such is considered authentic in their social context.

When contexts change and shirk, so does the desires and anxieties of the followers.

What was previously considered morally correct and authentic in a community of followers, can turn around in a short span of time. When using these theories for identifying and analyzing empirical cases in later sections, it is important to acknowledge and consider the

fact that contextual changes such as a major financial crisis can have a major impact on the contextual environment surrounding a brand.

Insiders

As seen in figure 8 above, a second important group of consumers in a brand's vicinity, is the insiders. As the name suggests; insiders are the "gatekeepers" or/and founders of populist worlds. Seeing as brands usually seek to tap into existing populist worlds, the interaction between brand and insiders is crucial; foremost due to the fact that the loyalty of followers depend on the accept of the brand by the insiders of the given populist world, as it is these that provide the authenticity on which the brand and its associated myth is dependant.

Holt conducted an empirical study of the brand of ESPN, in which the separation of insiders and followers was especially clear; furthermore, insiders only accounted for around 10-20 % of the consumers, who were viewed as experts in sports by their immediate surroundings, and *"Insiders work extra hard at their mode of watching sports to build a boundary between themselves and mere spectators."* (Holt 2004).

Hence the intrinsic value enjoyed by insiders, is a result of their exclusivity and role as experts. When a populist world becomes "flooded" or overpopulated, these statuses disappear deteriorating the authenticity of the populist world, damaging the associated myths.

Feeders

Feeders is the group of consumers that Holt denotes as the *"cultural parasites"* (Holt 2004). They thrive superficially on the values and social status of a given icon or populist world. In other words, they emulate membership of a given populist world, and are therefore loathed by the insiders who created it.

Feeders are the most profitable group of consumers in the brand community. They stay loyal to the brand as long as the identity value of such is sufficient. It is evident that Holt's definition of a brand community differs from that of Muniz & O'Guinn (2001) in the sense that his definition of the different groups *within* a community provides valuable explanatory information on the interaction between the different constituencies; the value that each constituency finds in the brand also relies on the relationship of the other two.

Feeders stay loyal as long as the followers bestow the brand and myth with identity value; in return, followers only do that as long as the authenticity of the insiders is preserved. Although insiders resent the idea of having their populist world invaded, they also rely on the feeders and followers to provide the status and feeling of being experts.

According to Holt and Muniz & O'Guinn, brand communities are bestowed with the potential to enhance the loyalty of costumers. Thompson & Sinha (2008) have taken the study of the implications of such loyalty one step further. Their study examines the effect of loyalty in the opposition to opposing brands and products, as well as new products from the "admired brand" (Thompson & Sinha 2008). They found that longer-term membership of a brand community increase the likelihood of opposition against competitive brands, and increase the rate of acceptance of new products from the admired brand. These findings are compatible with Holts definition of the three different consumer groups above; assuming that the term of membership in a given community- or populist world by an "insider" is considerably longer than that of a "feeder".

Furthermore, Thompson and Sinha examined the effects of overlapping memberships in different brand communities; something not quite captured by the previous studies by Holt and Muniz & O'Guinn. Surprisingly, they found that higher participation in overlapping brand communities might actually increase the likelihood of adopting products from rival brands (Thompson & Sinha 2008). This is due to factors like broad brand knowledge; and more importantly- overlapping identities (Brown 2000). The existence of such can prove hard to uncover through market surveys but remains something that brand managers must consider nonetheless.

The complexity of the interaction and behaviour of brand communities and the imbedded groups of consumers, entails that in order to be successful over a longer period of time, a company must continuously adapt and shift their associated myths so that the exclusivity of the populist worlds is not forsaken.

5.5 Culture, consumption and the transfer of meanings

It is evident from the description of contextual branding so far, that the theoretical paradigm has abandoned classic assumptions of economical behaviour and Homo Oeconomicus; and that the true value of contextual branding according to Holt, lies in the alignment and transfer of associations, meanings and values between cultural and contextual institutions, the brands and consumers.

Such conceptualization might seem somewhat abstract, in the sense that it offers scarce insight as to *how* such successful transfers take place and *why* such create so immense contributions to the potential value of and loyalty to a brand.

The research by Grant McCracken offers such insight into the mechanics of the underlying factors of contextual branding; the following sections are dedicated to illustrating this.

5.5.1 The significance of culture

"... man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretative one in search of meaning." (Geertz 1973). This quote by Geertz illustrate McCracken's' view on the significance of culture. Whereas Holt's full attention is on the concept of branding, McCracken is concerned with material culture and the relationship between culture and consumption - thereby adding unique complementary knowledge to the framework of cultural and contextual branding.

The general conception of McCracken is; that culture is the lens through which we perceive the world; culture constitutes the world for inhabitants by adding relative cultural categories and significant meaning. He perceives a brand as a bundle of meanings, organized in relation to these categories (McCracken 2005).

The concept of cultural categories is important in understanding the mechanics of contextual branding and transfer of meanings. According to McCracken, each culture creates and defines unique cultural categories, which are then realized and enforced by unique patterns of consumption, e.g. clothing, food and transport etc. (McCracken 1986, 2005). The reason as to why certain objects enforce and define the existence of cultural categories is the concept of meaning transfer.

5.5.2 Meaning Transfer

In the process of justifying the culture of material consumption, Grant McCracken relies on his model of meaning transfer - by which values are transferred from culture to products and from products to consumers. The concept of meaning transfer is not a new one; and the theoretical perspective of McCracken's model is much like that how meanings are transferred in the course of semantic compositions - in the sense that it relies mainly on the notion of "*cognitive linguistics*"

Whether it is culture or words, the transfer of meanings can be summarized as: *"... they enable us to identify one thing in virtue of its relation to another..."*(Nunberg 1995, p. 1).

The general model of cultural meaning transfer presented by McCracken is presented below in fig. 9.

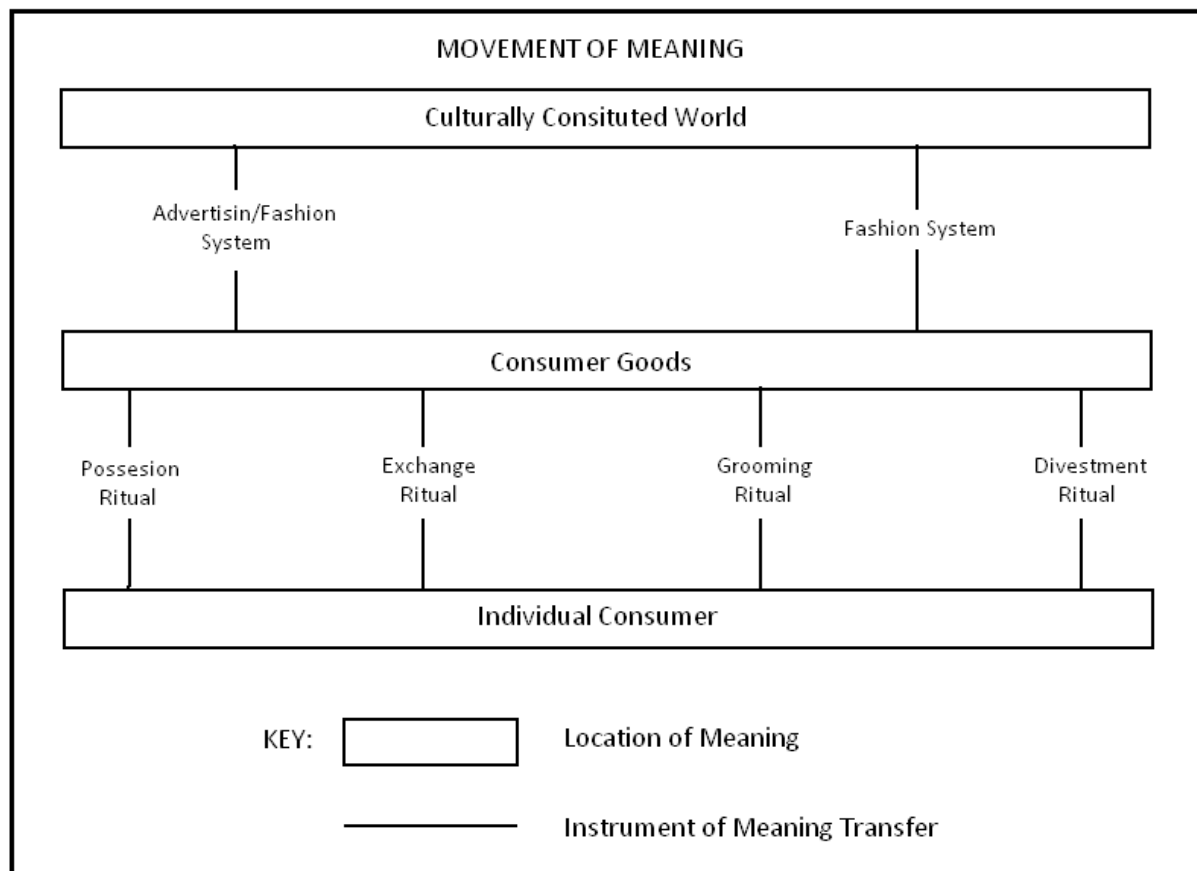


Figure 9, Meaning transfer Model, Source: Adapted from McCracken 1986

As seen above, meaning is transferred from objects by what McCracken denotes as different instruments. The brand or product obtain values from its object or context of choice by advertisement and the use of so-called "*fashion systems*" - a concept proposed by Roland Barthes in the late 1960'ies.

This term explained how, in the fashion world any word could be loaded with idealistic bourgeois emphasis; thus, if a person of admiration or fashion in general express enthusiasm or admiration of a certain item, that item will instantly be accepted and naturalized. Companies can take advantage of such fashion systems which are self-sustaining through time.

The purpose of advertising and market positioning in the theoretical paradigm presented by McCracken is crucial; the sole purpose of advertising is to portray and enforce values rather than traditional product information. This is also evident in McCracken's conceptualization of the two different marketing paradigms, - the information model and meaning model (McCracken 1989, 2005).

The difference between the two is essential and likewise applicable to the general paradigm of contextual branding as presented by Holt. The key points of these two paradigms are seen in table 1 below.

Meaning Model	Information Model
<ul style="list-style-type: none"> • Consumers have cultural projects embedded in contexts • The context is defined by cultural categories • The identity project of consumers is ongoing throughout life • Projects and context are dynamically changing • Cultural meanings in and around products constitute the cultural context of consumption 	<ul style="list-style-type: none"> • Consumer is focused on information and logical decisions • Choice of goods based on rational information assessment • Consumers ignore cultural context • Model ignore the cultural projects of consumers • Is based on benefits and economical rationality

Table 1. Meaning vs. Information model, Source: Adapted from McCracken 1995, 2005 and printed notes from the course: Kontekstuel Branding at CBS.

Having established the importance of meaning, values and identity, it becomes evident that any brand can be charged with any meaning - by which the brand is reduced to an empty marker; much like the status of products in the views of Holt presented in section 5.2. However, the process of endowing a brand with different meanings entails a large array of considerations and limitations regarding *meaning management*.

Managing the meanings of a product or a brand does not only imply the need for control of a dynamic output in the form of an appropriate fit; the sources from which meanings are drawn are equally abundant and complex.

The meaning transfer model imply a complex relationship between consumer and brand - much like that described in general by Holt and Fournier, the latter also express the importance of realizing that the transfer of meanings moves both ways, resulting in confusion of who defines who; the consumer or the brand. The general model as proposed by McCracken assumes a top down perspective - from culture, to product, to consumer. Thompson & Heytko (1997) criticizes the model on this point and argues for a bottom up perspective, by which consumers become active participants in creating and maintaining

cultural meanings; which given the existence and importance of the previously mentioned brand communities seems justifiable.

Having established the vast potential and complexity of meaning management in relation to branding, the task of conceptualization remains; as mentioned previously - and as seen in fig. 11, the transfer of meanings from a contextual object to a given product can be done with advertising. One particular relevant instrument related to this, is celebrity endorsement.

5.5.3 The identity value of celebrity endorsement

"... The argument is that the endorsement process depends on the symbolic properties of the endorser" (McCracken 1989).

McCracken's views on celebrity endorsement are based on social science, and in its core sense it is concerned with explaining why certain endorsers appear persuasive whilst others fail to do so (McCracken 1989, 2005). Hovland & Weiss (1951) suggests that the degree of persuasiveness of an endorser rely on the degree of "*expertness*" and "*trustworthiness*" of the endorser if seen through the eyes of consumers (Hovland & Weiss 1951). In addition to relying on communicational studies; the meaning transfer model of McCracken draws upon the theoretical paradigm of social psychology and the research of McGuire et. al. in which the effectiveness of a given message is defined and scaled according to the attractiveness of the source - given the context for which the symbolic message and meaning is intended.

Applying key points from both the source credibility *and* the source attractiveness models, McCracken presents a complete model of celebrity endorsement and meaning transfer.

Based on the points of meaning transfer covered by this thesis so far; it is tempting to assume that the hardest part of the meaning transfer process is the actual transfer of meanings by use of advertisement and other instruments. Although this might very well be true, the *success* of the brand given this transfer, is dependent on several factors more complex than the simple use of advertisement or identifying and exploiting a given fashion system. One of the most important of such factors or tasks is the identification and deciphering of the entire set of values or meanings associated with an object or a celebrity.

Besides the more simple categories such as demography and lifestyle, the personality is harder to define. Celebrities that are prone to appear in "typecast" roles have public personalities that are easier to define, and the identification of the desired meanings is easier;

hence increasing the endorsement potential of such typecast celebrities (McCracken 2005). An example of such could be Sylvester Stallone, whose public personality given his extreme degree of typecasting, is centred on manhood, strength and the USA. Considering the complex sets of values of celebrities, meaning management implies control of input values as well as output.

5.6 Branding as storytelling

Having illustrated that culturally constituted myths and the transferring of meanings from these are some of the central drivers of contextual branding, this section combines the two - describing how brands can be seen as both the authors and participants of socially and culturally constituted stories.

The notion that brands contain, and are marketed by the use of stories is not new. Salzer-Mörling & Strannegård (2004) describe how such storytelling when viewed traditionally imply the existence of dynamic stories in which the companies or the brand is the sender, and the consumer the receiver. Fog, Budzt and Yakaboylu (2002) illustrate how the composition of such stories is not far from the traditional composition of fairytales, implying 4 elements, *Indented message, fictional story, conflict* and *a cast of roles* (Fog et. al. 2002)

Abandoning the traditional conception of these stories as being static, and implementations of the key points of contextual branding and meaning transfer; it becomes evident that modern consumers seek to become participants of such stories rather than mere recipients.

5.7 Contextual branding - a natural development?

The content of the sections concerning contextual branding above, describes in short the key elements of contextual branding; revealing a complete theoretical paradigm *based* on the concepts of traditional branding but completed and presented by the use of key elements from the theoretical perspectives regarding cultural studies, icons, myths, storytelling, meaning transfer, identity creation and celebrity endorsement; all of which adds to the unique theoretical disposition of contextual branding.

"Since the late 1980s, brands have gained centre stage in marketing and in the managerial discourse. From having been a mere marker that identifies the producer or the origin of a product, the brand is today increasingly becoming the product that is consumed"(Holt 2004)

The quotation above describes this evolution within branding as seen by Holt. Despite the shared consensus of general benefits and the importance of brand management; traditional branding and contextual branding differ in many ways. The ongoing financial crisis offers an excellent opportunity to test if either of the two general theoretical paradigms presented in this thesis so far, proves advantageous.

Traditional branding with its cognitive and logical approach - in which the product still represent an important asset - leveraged by key terms such as brand equity, is opposed by the modern concept of contextual branding, in which the product has little or no importance; what does matter, is the *identity* of the brand.

Is Contextual branding nothing but a natural theoretical development? - In order to asses this; a theoretical comparison must be made.

The following sections seek to compare the strengths and weaknesses of traditional and contextual branding in the light of the financial crisis and the current context, in the attempt to establish a sound theoretical framework for identifying and explaining empirical cases in latter sections.

PART 3

6. Composing the theoretical framework

According to the chosen method and research approach, the purpose of the previous sections was to present a complete theoretical foundation on which a more precise theoretical framework for further analysis could be derived.

Given the scope of this thesis; only a limited number of theories concerning branding were chosen due to their relevance to examining *if* and *how* the brands of some companies perform extraordinarily well during times of cultural disruptions and how such could prove advantageous during times of crisis.

6.1 A General theoretical comparison

Having presented what I consider to be the cornerstones of traditional branding and contextual branding; it becomes evident that solely relying on either of these for further analysis would be disadvantageous and could potentially lead to biased results.

It is not as much a choice of a distinctive theory as it is a choice of perspective.

Is a brand a "lifeless artefact" or indeed a "living entity"?

Hanby (1999) assesses this question assuming similar views as of this thesis, by describing a "classic" conceptualization of a brand, based on the original definitions as presented by the AMA - see quote in section 3.0, and a "new" conceptualization of the term branding assuming the importance of identity and social interaction.

However, he places the views of academics such as Kapferer and Aaker within the new concept of branding (Hanby 1999), whereas I, in previous sections have placed these in the "traditional" theoretical paradigm.

I believe that previous sections have illustrated a difference not only in the concept of a brand, but also the concept of identity. Whereas Aaker might be amongst the first to realize the importance of the identity of brands, it is evident that his views of such are based on a static perception, in which a brand's identity is fixed and maintained throughout time (Aaker 1996; Aaker & Joachimstahler 2002). This is contradictory to the new contextual perspective of branding assumed in this thesis, in which the focus of identity and cultural meanings are defined as being dynamic - and to a greater extent correlated with contextual changes. Hence, the perspective assumed in defining the difference between the perspectives applied in this thesis is closer to those illustrated by Csaba & Bengtsson (2005); by which the identity of a brand is defined as collaboration between brands, companies, contexts and consumers.

Bearing the different ways in which the theoretical paradigms can be defined and separated, a differentiation can be made.

Table 2 below illustrates the differences in perspective by the two different conceptualizations of branding presented in this thesis so far.

	Traditional Branding	Contextual Branding
Theoretical background	<ul style="list-style-type: none"> • Historical theory - physical markers of separation and ownership. • Many theoretical approaches, most of which relate partly to cognitive psychology, and partly to logical/functional decision-making. • Compete in traditional markets • Specific approach addressed in this thesis is focused on customer behaviour and psychology, see section 4 • Focuses on product and/or identity branding from a static perspective. 	<ul style="list-style-type: none"> • Recent theory - studies of the implications of the cultural and contextual identity of branding. • Few theoretical approaches, sociology, cultural studies and psychology. • Compete in myth markets • Focused on customers, however from an identity-based point of view, rather than a logical or behavioural point of view.
Key Concept	<ul style="list-style-type: none"> • Brand Equity - Can be conceptualized and measured by three different theoretical approaches. The cognitive psychology approaches of the CBBE and Aaker framework are focused on defining brand equity as the extra value that consumers associate with a branded product when confronted with an unbranded product. Can be measured and assessed in various ways - depending on the underlying theoretical assumptions, e.g. by product, consumer or financially 	<ul style="list-style-type: none"> • Identity value - Describes to what degree a given brand is perceived as important in relation to the identity of a given consumer. The degree of identity value defines the contextual strength of a brand - ranging from identity brands to full-fledged cultural icons.
Value Proposition	<ul style="list-style-type: none"> • The value reside in the physical markers, primary and secondary associations. • The brand is connected with one or more products, hence the value perceived by consumers is connected with product attributes <i>and</i> brand associations 	<ul style="list-style-type: none"> • The value of contextual branding, resides solely in the meanings, values and myths associated with the brand. • Consumers are not concerned with the attributes of a given product; they care instead for the identity value of a brand, supplying the fuel for their identity projects. • The brand is what the consumers perceive as valuable - <i>not</i> the products <i>backed</i> by brands.
Tools for brand building	<ul style="list-style-type: none"> • Product design • Physical markers and recognition • Co-branding • Brand extensions • Advertising etc. 	<ul style="list-style-type: none"> • Exploitation of cultural briefs, contradictions and trends • Myths and storytelling • Meaning-Transfer • Endorsement • Advertising etc.

Table 2, Theoretical comparison, Source: Own creation

The contents above, illustrates the perceived advantages of the two perspectives described so far. To solely rely on either – or a fixed combination of the two, would be a grave mistake; if corporate history has taught us anything – it would be the need to adapt to the ever changing conditions of competition and consumption.

Furthermore, it is evident from previous sections that the degree to which contextual branding is applicable are highly dependent of the line of business – which is referable to the same conditions surrounding brand extensions within traditional branding. This is kept in mind when analyzing empirical cases in later sections.

Many of the previous sections have been concerned with exemplifying the importance of a focus on context; ironically such a dynamic focus on context will undoubtedly demand new theories and strategies - leaving the ones connected with such a focus obsolete; to brand successfully is *creative destruction* at its best⁸.

The financial crisis of 2008 represents an interesting new context in every aspect; the theories and strategies of contextual branding have never been tested in such an extreme contextual climate.

Since mid 2008, the gaze of researchers, academics and businesses alike has been focused on the topic of financial crisis - a crisis that has been and still is an undeniable reality, regardless of whether the definition of such is in accordance with that of NBER⁹. As it has been the case throughout history, academic research has come up with different reasons for the economic development; theoretical as well as empirical. I believe, that historical studies only offer explanations – not solutions. Many would call such a perspective ludicrous and ask the obvious question: “*how do you know where you are going if you don’t know where you came from?*” The answer to this is simple; “you read the signs along the way; and if you keep looking in your rear mirror you are bound to crash at some point”.

I believe that an ongoing focus on the importance of social, behavioural and psychological aspects of consumption are often neglected or otherwise discarded with regards to the search of explanations and solutions for e.g. the financial crisis.

⁸ A term that describes the way in which new inventions and ideas leave others absolute - amongst which are the one that fuelled such new inventions.

⁹ National bureau of economic research

Economic crises have been - and will always be a potential threat; once again the current crisis has proved that a historical perspective and past solutions does not suffice; nor do they prevent future crises.

Comparing the ongoing financial crisis with the great depression, and trying to compute why instalments and safety regulations such as the Basel I and II did not suffice, provides valuable retrospective information. However, this does not prevent history from repeating itself.

6.2 Consumption is the key

Consumption has been - and always will be the driver for economical growth. Recent developments within this field are interesting in relation to the topic of branding.

It is striking how studies and research concerning the drivers behind consumption has neglected the importance of social and cultural studies (Miller 1995).

The following quotation of Russel W. Belk, describes the way in which marketers have studied consumption throughout history:

“Marketing academics studied consumers as fishermen studies fish rather than as marine biologists might. Within this micro perspective consumer needs were seen as innate rather than socially constructed or marketer influenced, and marketers sought to “hook” consumers by offering a product or service that met these needs better than competitors’ offerings. Thus, the initial consumer research within these marketer departments stressed the objective product and service benefits and did not stray far from the concept of rational economic man” (Belk 1995).

I believe that the description of the historical research of consumption above fits the description of traditional branding - see table 2. Despite being focused on the behaviour of consumers, the traditional perspective seeks to explain tendencies in the behaviour of consumers by applying psychological and behavioural theories focused on the study of the *individual* consumers, rather than realizing the importance of social relations – as contextual branding does.

Applying the previously mentioned studies of McCracken further underlines the importance of consumption, not only by the obvious link with the sales of companies – but equally its importance in defining and deciphering culture. Consumption is no longer a matter of defining and mapping the rational decisions of consumers.

It could be argued that the patterns of consumption in the western world are in line with many of the predictions by Gilmore (1999) of the so-called "experience economy" - assuming that the level of service has peaked, and that the product of the future is the consumer him/herself; in the sense that we will see a greater personal and emotional involvement.

This in my opinion is evident in the current western society. Alternative futuristic views such as "The Dream Society" (Jensen 1999) and "The Entertainment Economy" (Wolf 1999) both illustrate the same tendencies - underlining important developments; some of which were predicted decades earlier - as seen by Levy's assumptions of a noneconomic symbolic consumer (Levy 1959). Consumption; or the value that consuming certain products emanate, has in some cases become the product or reason for consumption in itself (McCracken 2005). Given the close link between consumption and branding – it is only natural that theories and research concerning such, illustrate the same development; represented by the shift from traditional branding towards contextual branding. The table below clearly illustrates how the developments within the studies of consumption are directly transferable to those of branding.

Old Perspective	New Perspective
Positivist <ul style="list-style-type: none"> • Experiments/surveys • Quantitative • A prior theory • Economical/Psychological • Micro/Managerial • Focus on buying • Emphasis on cognition • American 	Non positivist <ul style="list-style-type: none"> • Ethnographies • Qualitative • Emergent theory • Sociological/Anthropological • Macro/Cultural • Focus on consuming • Emphasis on emotion • Multicultural

Table 3, Old and new perspective of research within consumption, source: Russel W. Belk 1995

If compared with table 2 it is evident that many points are directly transferable between the two. However, I find it *even* more interesting that both contextual branding, as well as the new perspective of consumption research, should be considered as natural evolutions of prior theories, rather than replacements or opposing theories. I believe that one of the most dominant factors advocating such developments is the fragmentation of culture and the

importance of symbol over substance supported by researchers such as Harvey (1989), Connor (1989), Miller (1995) and Campbell (1995).

Having established the important relation between new theories of consumption and contextual branding, it is interesting and necessary to examine why - and if a focus on these factors should prove advantageous during a financial crisis.

6.3 The importance of needs and identity

The notion that a strong brand should prove advantageous during crises was - as seen in section 4.1, one of the proclaimed advantages of brand equity. This is a very general assessment - one that I beg to differ.

Upon studying the subject of branding and the major impact it has on the behaviour of consumers, I believe that a general consensus of “traditional branding” is that; it is the *strength* and exposure of a brand that matters - not to the same extend the symbolism and the stories upon which the brand is built. Combining these traditional views with the trends of consumption and the study of such in previous decades, I do not doubt that brands such as McDonalds and GM *have* thrived; but as drastic changes in the context occur- in this case the financial crisis, these industrial giants struggle.

Researchers and academics agree that branding during a financial crisis such as this is a golden opportunity to capture market shares and capitalize on the mistakes of others (Cloonan 2009; Exxon 2009; Hodge 2009). Analyzing why the brands of certain companies have suffered recently further reveals the strength and relevance of contextual branding. The recent history of GM is a shining example of such. Failing to grasp the cultural tendencies of a "greener" and more environmental focus, GM handed its critics and competitors a golden opportunity to compose and take advantage of a cultural contradiction - with GM as the "bad guy" – figure 10 below is an example of such.



Figure 10, Original H2 commercial and critically sketched parody, source: www.Treehuggers.com

I believe that the reason as to why consumers respond harshly to marketing and branding plunders such as that of GM is to be found in the link between consumption and identity. As mentioned in previous sections, contextual branding entails that modern consumers use the values and myths embedded within a brand in the creation of their desired identity; whereas traditional branding was concerned with the material benefits of products. As soon as the financial crisis hit, it instantly became less desirable to be perceived as a "big spender" or a "luxury addict" (Washington & Miller 2010).

Consumers being able to change their desired identity through consumption further add to the tempo by which the context surrounding companies change - making it harder for traditional brands based on physical markers and a "steady state" history to adapt. Major cultural disruptions like the current financial crisis impose a vast amount of cultural contradictions on which an adaptive brand could latch itself and create desired myths.

Every single aspect of contextual branding covered by this thesis so far underlines the importance of identity in branding. The exact reasons as to why the link between branding and identity in times of crisis is so important, has in my opinion never been examined. Empirical or academic studies of prior crises offer little or no help, given the fact that patterns of consumptions and contextual factors change immensely over time. To understand *why*, and to retrieve valuable information for future recommendations, I believe that the focus must be turned towards the basic needs and anxieties of consumers.

Throughout time, countless theories have sought to define the needs of consumers; one of those often used, is the hierarchy of needs - originally defined by Abraham Maslow in 1943.

Assuming the importance of context, the exact hierarchy of needs within this model must have been highly influenced by the context of 1943. The thought of war and fear of self-

preservation must have been a prominent factor in the minds of most people at the time; resulting in the original hierarchy as perceived by Maslow as seen in fig. 11

I believe that the different basic needs have been preserved, but that the *order* in which they are represented in the hierarchy have changed tremendously. If looked at "upside down", the hierarchy of needs shows an interesting - and to some extend exact development, see fig. 11 below.

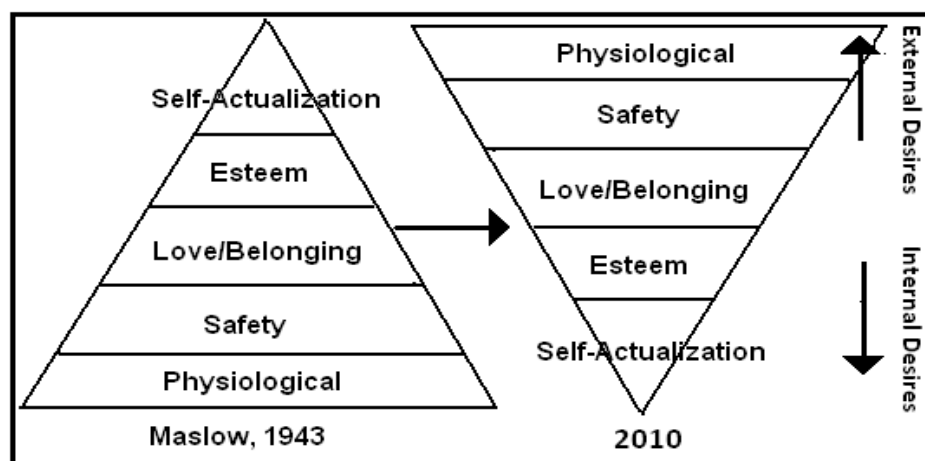


Fig. 11 Original and reverse Hierarchy of Needs, Source: Original Hierachy from Maslow (1943), reverse hierarchy by own inspiration

Originally, the most basic needs that were to be fulfilled were those of physiological well-being and safety. The generation of consumers in the western world today has never experienced famine or any threat upon their psychical being (Barney 2004). They have however seen and experienced economic growth and an increased focus on external appearance. Prior roles of gender, class and personal limits seem to have been broken down by a world in which people can become whoever they desire - or rather whoever the society desire (McCracken 2005; Holt 2004; Miller 2005). To further illustrate the intended point of this section, I have chosen to divide the "new" hierarchy into external and internal desires. Furthermore, Diener (2009) describes how the needs of people in financially poorer and collectivistic cultures are centred on financial and physical safety, whereas those of rich and individualistic cultures such as those in the western world are focused on self-esteem and self-actualization (McCracken 2005; Diener 2009) - as shown in the reverse hierarchy.

An important aspect that has influenced the developments in consumption and the needs of consumers is the importance and emergence of social networks. This trend is seen everywhere, and are by some described as the network society (Barney 2004; Kelly 2009; Boches 2009). Section 5.4.4 described how the complicated social structure of populist worlds and brand communities plays important roles in the theoretical framework of

contextual branding. It is clear that applied strategies of branding must grasp such important social developments; traditional branding, despite emphasizing the fact that social relations is important, does not provide instructions nor insights as to how the construction or design of social networks surrounding the brand influence the choice of strategies; contextual branding does.

6.4 The financial crisis - a contextual amplifier

As the reader might have noticed, the description and evaluation of the old and new theoretical imperative of branding in the sections above, is to a great extent focused on basic developments in context rather than assessments derived directly from developments due to the financial crisis. There are several reasons for this.

Context and cultural briefs are results of cultural disruptions. Although the present context may be defined by a financial crisis, the context of tomorrow remains uncertain - things will change. Based on previous sections and the described tendencies and developments within consumption, needs and the society in general - it is evident that a focus on contextual rather than traditional branding would prove advantageous under most modern contexts.

The theories of contextual branding advocate a dynamic focus, whilst the *tools* of contextual branding might be focused on stationary cultural briefs. How the tools and specific myths should be applied during a financial crisis, are addressed in later sections using relevant cases; hence, the purpose here is to show that a financial crisis is no different from any other cultural disruption, and that the contextual branding framework is by far the best suited for handling such.

Based on the sections so far, it can therefore be assumed that the context of a financial crisis should be treated theoretically no different than any other context. However, I believe that the trends of the current crisis act as a “contextual amplifier”, in the sense, that the difference between cultural contradictions and populist worlds has become more sharply drawn.

An example of this is the instant rebellion against excessively paid executives, greedy bankers and financial speculators when the crisis hit - these were instantly recognized by many as being the root of all evil. This definition of good and bad suddenly became clear after years in which the general public blindly accepted such out of happy ignorance.

Following the general resentment of corporate giants and their executives, came a general wish for sustainability, not only financially but also environmental - an example of which is the recent global uproar against BP and the astounding amount of cases of “greenwashing”. The contextual developments might have occurred with the lack of a financial crisis; but I believe that the developments within consumption, needs and social behaviour described in the sections above, offers plausible explanation as to why cultural reactions have been so severe; in the face of external uncertainty, consumers and society alike seek internal stability. This might seem like a bold statement, but I believe that the theoretical evidence presented so far, offers plausible and sufficient evidence.

Combining the theoretical key points covered by this thesis with the developments described in these sections, it becomes evident that the theoretical foundation by which empirical cases are analyzed in the following sections, are based mainly on elements of contextual branding. However, seeing as previous sections illustrated that the contents of this theoretical perspective is built upon concepts from the traditional branding framework and other theories; the presence of others perspectives is evident in these sections; the static conceptions of traditional corporate branding, are mixed with the dynamic, iconic and cultural aspects of contextual branding *and* theories of consumption & context.

The following sections seek to analyze and describe how the brand of the British company Virgin, by applying the techniques and principles of contextual branding *have* and *will* perform, based on historical cases and the construction of future recommendations based on the current contextual environment.

PART 4

7. The Case of Virgin and British Airlines

The historical analysis and description of Virgin has been constructed with a contextual focus rather than that of a traditional corporate history description. Furthermore, I seek to illustrate how past strategies - clearly transferable to core elements of branding has had a significant role in the ongoing commercial "battle" between Virgin Atlantic and British Airlines.

On the basis of these empirical analyses and the theoretical discussions in past sections, the latter sections of this thesis will look at the current context, and seek to produce general

theoretical conclusions and specific recommendations as to how Virgin could grasp and exploit emerging contextual trends.

7.1 Virgin and the cultural context from 1970 to 1990

It has been more than 40 years since Richard Branson founded what was later to become the business empire of Virgin - a conglomerate with more than 200 registered companies (Datamonitor 2009), whose financial results and management disposition have been the subject of much debate and speculation. Despite such speculation and the ongoing discussion concerning the radical styles by which Richard Branson leads this company; it is an undeniable fact that Virgin remains one of the strongest and most trendsetting European brands.

The purpose of these sections is not to describe or discuss internal organizational aspects of Virgin - but instead to illustrate how contextual changes and cultural trends have made the emergence of such a brand possible; a brand that since the 1970'ies has been under constant pressure and growth, two aspects that still dominate the brand in 2010.

7.1.1 Love, Peace & Harmony and Richard Branson

Virgin was founded by Richard Branson in 1968 (Virgin History), and as later sections will illustrate - their stories are inseparable. Branson was a 17 year old high school dropout from the local Stowe Private School when he decided to start the magazine *Student* (Grant 2008). This quickly became a success, as it aligned with the expressionistic values associated with the many minority groups in the late 1960'ies.

Examining the context at the time reveals sharp developments in the cultural context around 1965 - which are referable to the term of cultural disruptions; one of which came in the form of a rather drastic increase in wealth in the western world triggered by growth throughout the 1950'ies and 1960'ies (McGraw 1997). This resulted in an increase in the rate of education and political interest. This newfound knowledge, and the freedom to express it, resulted in the occurrence of a great number of "grassroots groups"; through these groups, the youth had found a way to express themselves. They shared a common agenda defined by rebellion, a general critique of institutions of authority, the Vietnam War and capitalism.

The rest of Britain was at the time under the influence of strong conservative values, which in return was challenged by such an increasing rebellious youth (Grant 2008). It was within this exact context that entrepreneurs like Richard Branson found a market opportunity. Having

studied the contextual settings through the lens of contextual branding; it becomes evident why.

Firstly, the context at the time was defined by at least two major cultural disruptions, the first being the sudden increase in wealth and the second being the occurrence of War. The effects that the latter of the two had on the contextual environment and the mindset of consumers was severe which evidently resulted in the existence of drastic cultural contradictions - one important ingredient for successful contextual branding and the creation of myths.

Secondly, the cultural disruptions and the related cultural contradictions resulted in the existence of two major populist worlds in Britain. On one hand was the established wealthy Britain that had experienced, survived and risen from the Second World War - defined by conservative values and traditions. On the other hand was the youth, which had been born *after* the Second World War in safe surroundings. These shared a love for freedom and harmony but a severe dislike of authority and capitalistic values (McGraw 1997). The contextual framework at the time is illustrated below by the use of theoretical terms of contextual branding.

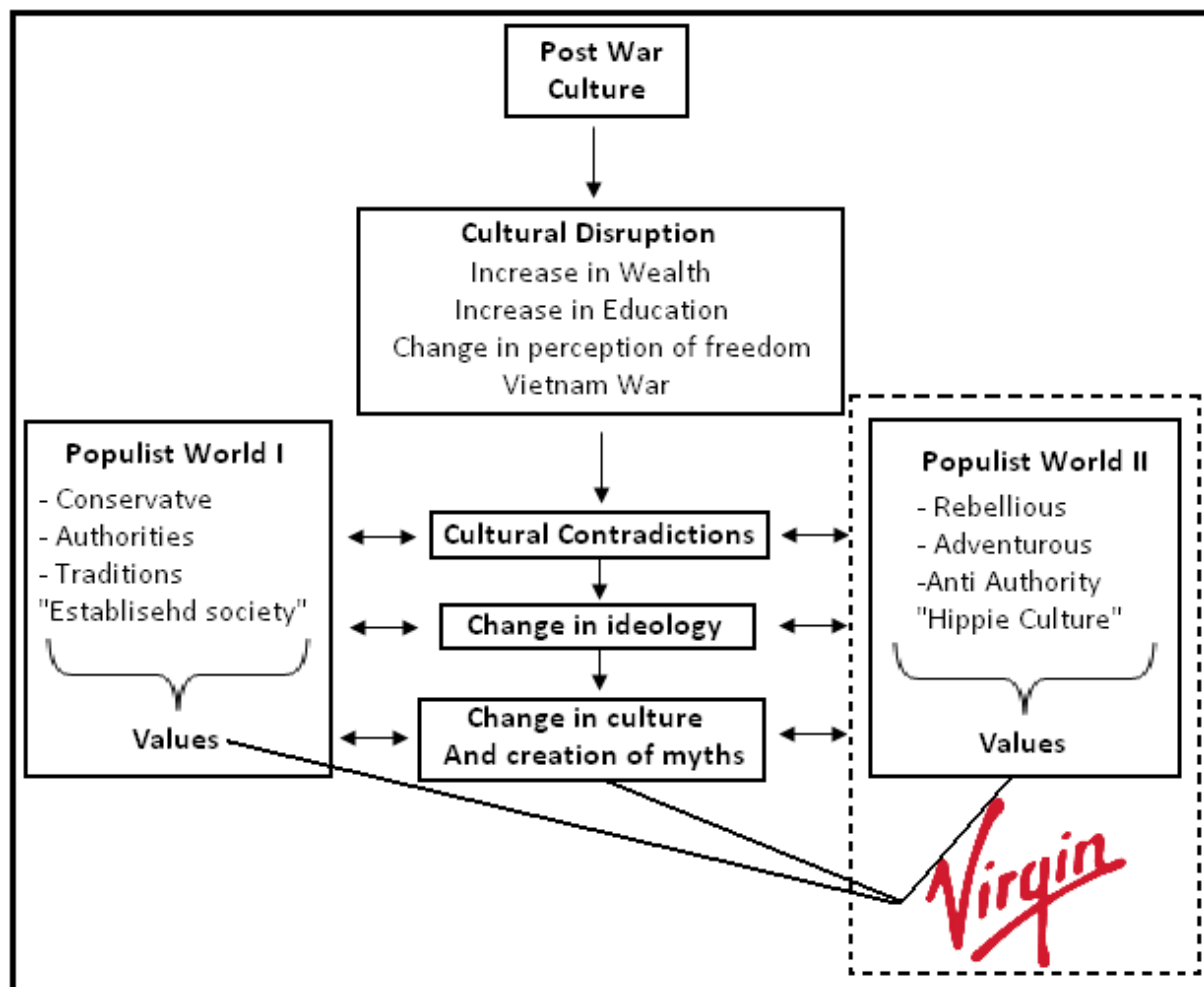


Fig 12 The cultural developments at the time of the creation of Virgin seen through a contextual branding perspective, source: own creation.

In an interview on BBC News (2006), Branson explains that he through "anti-Vietnam War" groups realized the urgent need for a magazine, by which the youth could express their opinions. The magazine related to the disrespectful and anti authorial youth, and included articles revolving around subjects such as sex, rock music and interviews with terrorists (Grant 2008).

It is obvious, that Branson quickly grasped that the mentality of the British youth was changing, and that this was a determining factor in the choice to start his first business.

This composition meant that the content and meanings displayed in this magazine was a determining factor in the creation of the desired identity of many youths. When applying theoretical elements of brand communities and the structure of populist worlds, it becomes evident why "Student" achieved a unique position and loyal readers. Given Branson's untraditional background and his influence on the contents of the magazine, he was seen as an authentic part of the general youth movement at the time - which due to elements of

endorsement resulted in the general accept of "Student". Furthermore, the magazine was a perfect way for the feeders and followers to tap into the general populist world. In return, the core of the populist world – the insiders basked in the attention that they got from the feeders and followers through the magazine.

Abandoning the case of student, the next entrepreneurial adventure of Richard Branson was Virgin Records, a record company. This once again enabled Branson to express specific values and meaning through his choice of artists and what to publish. Given the fact that the record business and the magazine business are closely related, Branson was able to extend the brand across industries, providing Virgin Records with the brand extensions of *Student* and the powerful and authentic endorsement of Richard Branson.

Following the opening of the first Virgin records location in 1971 in Oxford Street, London; came a record studio in 1972 and a Sex Pistols album in 1977 (Virgin History). It is evident that Virgin Records followed the example of *Student* and tapped into the same contextual framework as illustrated in fig. 12.

After the success of his first entrepreneurial adventures, Richard Branson was eventually seen as a prominent figure - a new type of entrepreneur, which opposed to his capitalistic counterparts, was able to build a lucrative business on a market ironically based on a populist world defined by rebellion and anti-capitalism.

These early developments founded the commercial giant later known as Virgin, and it was from the start clear, that Richard Branson was the common denominator– a “contextual decoder”.

7.1.2 IPO's, LBO's & MBO's and Robin Hood

As it was the case throughout the 1970'ies, Richard Branson successfully applied a contextual role in the 1980'ies - this time in the role as the "*underdog*"; proclaiming to fight for superior "value for the money" and a good service (Altman 2009). Previously he and Virgin had been contextually positioned as parts of a minority; however, being a part of a rebellious youth would no longer suffice if the iconic status amongst an increasing amount of fragmented groups of consumers was to be preserved.

The increase in the related groups of consumers surrounding Virgin was a direct result of an increasing number of Virgin companies - and the diverse activities of these. Realizing this;

Branson was able to use his previous authenticity as a rebel to change the contextual role of Virgin and his perceived identity as the “underdog” and “Robin Hood of capitalism”.

Throughout the 1970'ies and 80'ies the industrial occupation in Britain experienced a sharp decline due to the ever increasing competition from Asia and the rest of the industrialized world (McGraw 1997). In 1979 this resulted in the election of Prime Minister Margaret Thatcher, whose conservative values and economic perception was in line with economists like Adam Smith (McGraw 1997; Adamsmith.org). The election of this new prime minister was followed by an instant increase in the number of financial institutions and a capitalistic mindset - which at the time was dominating most western economies.

It was within this context that Virgin and Branson took a central role in the centre of a prominent cultural contradiction as the social capitalist, or as put by Grant 2008 - *the friendly face of capitalism*.

The most trendsetting move by Richard Branson during this time was to launch Virgin Atlantic in 1984 with the sole purpose of challenging the giant British Airways (Virgin History); a move that was in perfect unison with the assumed role of *underdog*. The specific case of Virgin Atlantic and British Airways is analyzed in later sections. Virgin Atlantic became a financial success, and is despite scarce published financial data still considered as the financial flagship of the Virgin Corporation (Grant 2008).

In the description of Virgin and Branson throughout the 1970'ies, the focus was on illustrating how the contextual positioning by The Virgin brand and Branson fit flawlessly with the contextual framework capturing a cultural contradiction, tapping into populist worlds and thereby creating the myths that founded Virgin brand. The same could be said for the developments in the 1980'ies. However, this section seeks to illustrate how the contextual strategies applied by Branson in the 1980'ies are directly transferable to another important aspect of contextual branding – the aspect of storytelling.

Bearing in mind that storytelling and the creation of myths are important elements by which companies and icons can be contextually branded, it is evident that the case of Virgin is a prime example of such instruments at work.

Assuming the storytelling perspective as proposed by Fog (2002), it is possible to analyze the case of Virgin in the 1980'ies with respect to defining the roles of the different contextual participants.

Figure 16 and the following bulletins illustrate the original composition of roles in the classic storytelling model as well as how the case of Virgin during the 1980'ies could be interpreted within this paradigm.



Figure 13, Storytelling model by Fog et. al. applied to the case of Virgin, Source: Fog ,Budtz & Yakaboylu 2002 - applied to virgin by own creation

- The overall *goal* of Virgin was to be seen as a vanguard of fair competition - protecting the consumers from industrial giants and bad service.
- The *evil opponent* in the contextual framework at the time was undoubtedly British Airways with whom Virgin fought a commercial battle at the time.
- Richard Branson is defined as the *hero* and *provider*, whereas Virgin is defined as the helper.

This distribution of roles is however highly dependent on the perspective by which the context and the brand of Virgin is perceived. The choice of placing Richard Branson in the centre is solely based on the fact that since the origin of Virgin, Richard Branson and the company Virgin had been inseparable; which raises the question of to who the brand is attached the most? - A question addressed in later sections. The exact distribution of roles between Branson and Virgin is in this case irrelevant; in fact, such confusion of brand origin only further underlines the extend by which Branson and Virgin was successful in transferring meanings and the endorsement process.

The contextual history of Virgin presented so far, clearly illustrates that they quickly realized that the identity of a brand is as important as the attributes of the product itself. However, the degree to which the identity of Virgin changed during these two decades aligns with the dynamic conception of contextual branding rather than the static perception of identity applied in the traditional framework.

Besides the clearly transferable aspect of storytelling, Virgin and Branson evidently tapped into and exploited the British national ideology and its associated myths.

Elements of the classic fight between David and Goliath are evident in many traditional British myths e.g. Robin Hood and the story of King Arthur. However, as time progressed towards the late 1980'ies and mid 1990'ies, the Virgin Empire expanded rapidly - partly due to the trend of privatization of public services in Britain (Grant 2008). Thus, this inevitably also increased the amount of the different lines of businesses in which Virgin was involved. This forced the brand of Virgin and Branson had to reevaluate what myths and stories they were to be associated with in order to successfully extend the brand and stay authentic given the contextual surroundings.

7.1.3 Defragmentation and slackers

As mentioned in previous sections, the context and cultural settings in Britain were influenced by strong conservative ideals and capitalistic values during the 1980'ies. But in 1997 the conservative leader of John Major lost the election by one of the biggest defeats in the history of Britain; and the New Labour party led by Tony Blair rose to power (The Economist 1997).

The change in the political climate illustrated a general cultural change in Britain during the 1990'ies, Branson and Virgin could no longer thrive on fighting the values of a dominant ideology, as this would be seen as contradictive and at worst - leave the brand unauthentic.

They had to come up with a way to communicate with new markets *without* abandoning the values by which they were perceived as guardians during the 1970'ies and 1980'ies

In the aftermath of the strong capitalistic focus of the 1980'ies, people in Britain began to realize that the glamorous life they had imagined was not as attainable as first assumed. The globalization had the effect that the employed people of Britain began to feel a pressure on their job and the size of their paychecks - which in return spurred the general conception that *work is a joke* (Holt 2004; McGraw 1997). Branson and Virgin were quick to grasp the

potential of this cultural disruption and the associated cultural contradictions; once again Branson was able to use his prior roles and authenticity.

Whereas the two sections above illustrate the clever use of cultural institutions (populist worlds etc.) and storytelling, this section is focused on analyzing important aspects of the endorsement process in the case of Virgin.

May 2. 1999, Richard Branson appeared as a special guest-star in The Simpsons (the TV show) - in which he plays a rich businessman who gives one dollar to each customer; during the episode he teaches Homer that: *"to be loved, you have to be nice to people, every day, but to be hated, you don't have to do squat"* (The Simpsons Archive 2010). If anything, The Simpsons is a perfect portrait of the "slacker" values - a life in which the importance of job and financial security is dwarfed by the importance of enjoying the adventures of life. Branson's appearance in The Simpsons is a perfect example of how Branson accumulate and gather desirable meanings during this period. He frequently participated in different extreme sports and stunts - which due to the careless nature constituted the second adventurous part of the so-called "slacker myth".

By this time, Virgin and Branson are inseparable in eyes of the consumers, resulting in the instant transfer of meanings from Branson to Virgin. Analyzing this process from the theoretical viewpoints of meaning transfer illustrated in earlier sections, the following paradigm can be drawn.

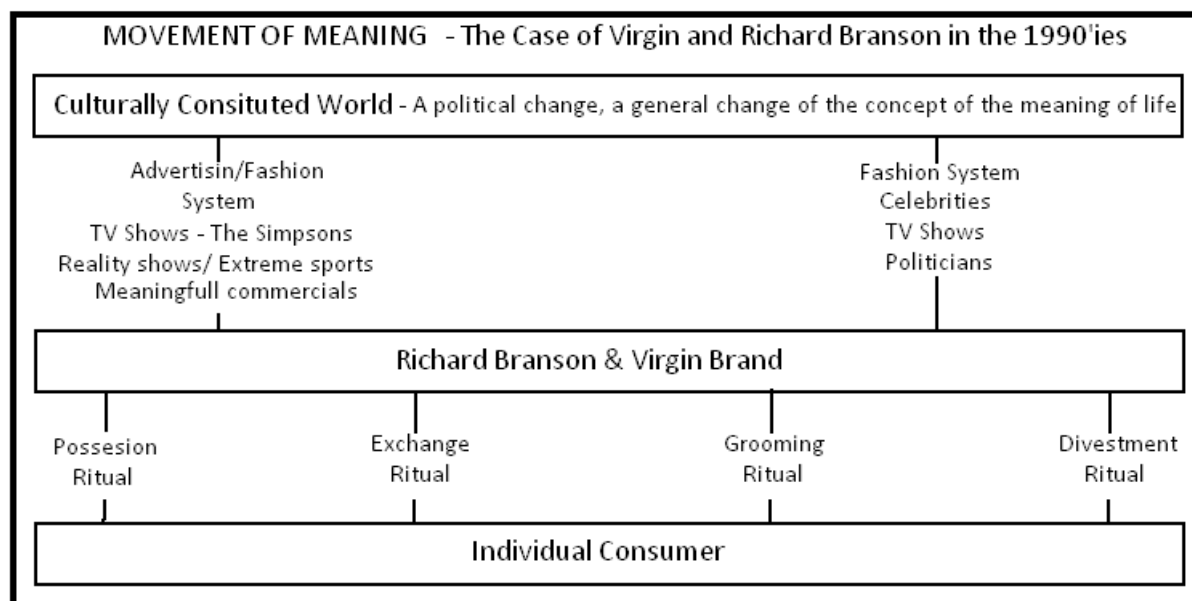


Figure 14, The transfer of meanings in the case of Virgin during 1990'ies, source: Own creation using the framework of McCracken 2005

The presentation above is obviously based on a top down perspective as proposed by McCracken, but as in the other analyses above - other analytical perspectives can be assumed. Whether the *source credibility* or the *source attractiveness* model is applied, it is evident that the background of Branson and the previous myths and stories associated with Virgin provide a solid foundation for credibility and authenticity.

During this period Virgin was not the only company focusing on the so-called *slacker myth*; other companies such as Mountain Dew & Budweiser were equally aiming at representing and symbolizing this certain segment. This is further testament to the fact that companies compete on myth markets rather than on their actual products. In appendix 2a Virgin commercial from 1997 is summarized and illustrated as well as the "Simpsons" version of Richard Branson.

What separates the case of Virgin from other interesting companies is that Branson once again became the rally point and the all-determining icon on which the Virgin brand was built - as he had been during previous decades.

7.1.4 Summarizing the contextual history of Virgin

It is evident that the Brand of Virgin since its origin has been under constant development with respect to contextual and cultural changes. The case of Virgin illustrates most if not all the key theoretical points from traditional branding as well as contextual branding.

The brand has had one unique denominator - Richard Branson. It is remarkable how the personality of Branson has been the main element of success across 3 decades, 3 different cultural myths and an astounding amount of different lines of businesses.

At first this intense relationship might seem like a very successful example of celebrity endorsement, in which the perfect fit is a mere result of a good combination of source attractiveness and source credibility. However, to accredit the unnatural relationship to simple endorsement would in my opinion be a mistake.

The effect of Branson is not just visible from an external point of view; his influence is seen everywhere *within* the Virgin organization, everywhere from the organizational structure, management philosophy and financial strategy.

It is also evident from the previous sections that the branding strategies of Virgin and Branson have been successful; but analyzing historical events by use of theoretical hindsight does not provide much evidence as to whether or not the brand of Virgin by applying techniques of contextual branding have performed *significantly* better than other companies. In order to analyse if this is indeed the case, the following sections will analyze the empirical case of the commercial war between Virgin Atlantic and British Airways - two companies within the same line of business but with radically different approaches as to how such should be conducted. These will, combined with the contents of previous theoretical sections compose the theoretical and empirical background for assessment of current and future branding strategies.

8. Virgin and British Airways

This section aims to illustrate how principles of cultural and contextual branding applied by Virgin and Richard Branson was evident in one of the most famous commercial disputes of Britain - the case of Virgin Atlantic vs. British Airways. The following sections seek to describe this feud as objectively as possible; and the later illustrates how Virgin used the contents and outcome of this feud actively in its commercial campaigns during the 1990'ies.

The story of the Virgin and BA feud has all the contents of a well written drama, from allegations of the use of private investigators lurking in trash bins, to so called “passenger poaching” in airport terminals. The affair started in 1992 by allegations made by Richard Branson, that British Airways was using dirty tricks and trying to run Virgin Atlantic out of business (Gregory 2000). Given the degree of public attention that Branson basked in at the time, the case soon became public. Branson's allegations were based on the notion that the corporate giant BA - the biggest British transatlantic airline at the time, were trying to squeeze the small rebellious airline Virgin Atlantic; a story that conveniently matched the myths of virgin described in sections 7.1.1 – 7.1.3. However, allegations by BA against Virgin were also made. The lawsuits ended with the ruling, that Lord King (CEO of BA) and BA were due to pay Virgin Atlantic 610.000 £ in damages done and the sum of 4.500.000 £ in libel costs - the biggest corporate settlement in Britain at the time (Gregory 2000).

8.1 *The King is slain*

The analysis of the branding strategies of Virgin Atlantic and BA has its historical offset in 1992. BA had thrived during the years of the capitalistic Thatcher government, and was by far Britain's largest airline with 241 aircrafts serving 165 different routes. By comparison, Virgin was insignificant with just 13 aircrafts and 7 routes (.ipa.co.uk 2010)

Hence, the overall competitive framework surrounding Virgin and BA fit flawlessly with the myth and image of Virgin as King David trying to defeat the giant Goliath. If a glance is cast at the difference in size between the marketing budgets of the two, this becomes even more

apparent. Figure 15 illustrate the budgets of media expenditure of the two companies. On average BA spend 4 times as much as Virgin during the 15 year period. Applying traditional branding techniques, such a massive public exposure should lead to an increase of brand awareness and thereby the brand equity; but the

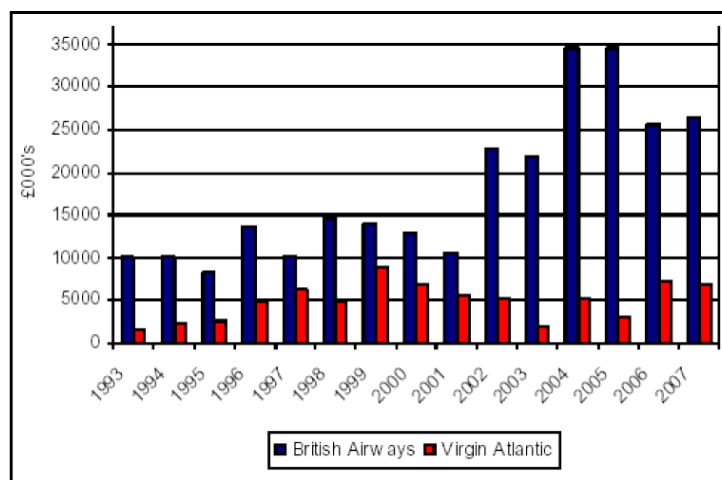


Fig 15 -- The media budget of Virgin and BA, Source: MMS 2008

developments in the strength of the two brands during this time tell a different story.

The BAV approach has been used to construct the results in fig. 16; that clearly shows how the brand of Virgin has surpassed that of BA in all 6 chosen variables. Furthermore, the progress of the Virgin brand is most significant in the categories of "up to date" and "fun" - which are two of the values of Branson and Virgin described in earlier sections.

Where many seek to explain these developments by the clever use of advertising I apply the scope of contextual branding.

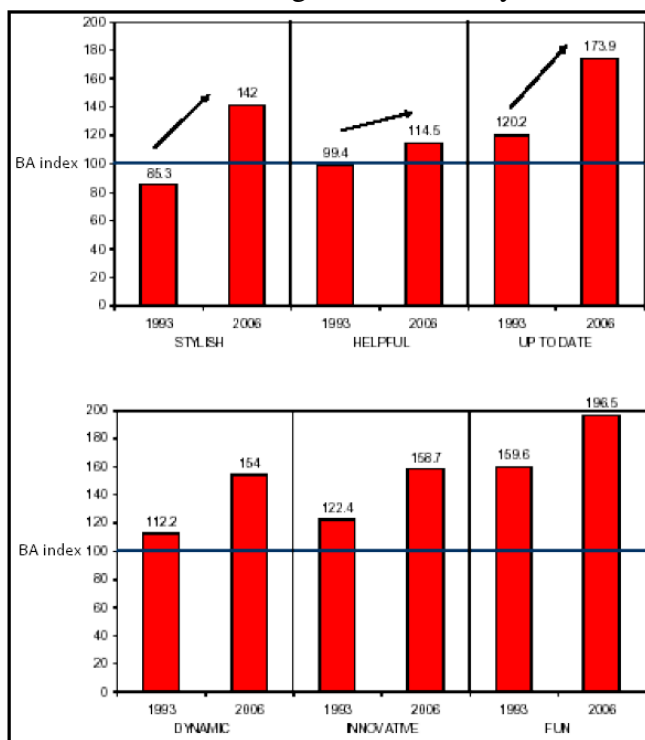


Fig 16 - Developments in BAV of Virgin against BA index, Source: MMS 2008, BAV 2008

The most precious asset in the marketing of BA was its enormous budget; that of Virgin Atlantic was the personality of its founder Richard Branson. The commercial strategy of BA, was during this period based on traditional campaigns; whereas that of Virgin was based on the iconic status of Branson - who enjoyed such a degree of publicity that the story of him crashing his powerboat short of its destination across the Atlantic Ocean in 1995 stole the front page.

Analyses of the overall commercial strategy of Virgin Atlantic in the early years, could advantageously be assessed with two perspectives; a creative perspective and a media perspective.

If the creative perspective is analysed, it becomes evident that Virgin Atlantic realized from the start, that the great variety of messages that needed to be communicated to an even wider base of customers and regions of a air transport company required that the creative focus was on applying a overall attitude – or a general tone rather than a number of single creative ideas. This creative strategy was hereafter reflected in the media strategy of Virgin Atlantic. Besides the exuberant *and* public personality of Branson who continuously promoted Virgin through his private and public escapades, Virgin Atlantic sought to underline and strengthen the values and meanings of Branson in their commercials and advertising. Alternative casts for

ads were chosen – amongst who were: Helen Mirren, Terence Stamp, Iggy Pop, Miss Piggy, Alice Cooper and the Wright brothers. By choosing to incorporate such unconventional creative ideas in their media approach, Virgin Atlantic was set apart from the rest of the air transport industry - actively using and enforcing the cultural contradictions and the different populist worlds at the time, and aiding the myth of Virgin by paying ode to the original values of Richard Branson and Virgin. More Virgin commercials are placed in appendix 3.

8.1.1 Stealing and positioning the brand of BA

At first glance, the case of Virgin and British Airways might seem like a classic case of a commercial battle in which the marketing activities of either part proved better than that of the other. But if the battle is analyzed by the theoretical paradigm presented in this thesis - another conclusion can be drawn. The following will illustrate how Virgin was able to "steal" significant value from the brand of BA, by actively positioning BA in the authentic myths of Virgin.

The following analysis and the theoretical proceedings are described is illustrated in appendix 4, and should be reviewed whilst reading these sections. I believe that the contextual framework surrounding the airline business can be aggregated into two general populist worlds.

The first is defined as being represented by people that primarily travel by plane for pleasure, vacation or adventure. The values of this were at the time in line with the values connected with the slacker myth of Virgin see section 7.1.3. The TV commercial in appendix 2 clearly shows that the intended audience could be found within this segment/populist world.

The second populist world was represented by people travelling for business reasons, and the values that were imbedded within this populist world was - as seen in the framework in appendix 4 connected with luxury, formality, "propper" and capitalistic. The ad by British Airways in appendix 5 clearly illustrates this perspective.

It is evident that Virgin and BA were aligned with two very different populist worlds, that to some extent were perceived as contradictory. Furthermore, the two populist worlds equally portrayed many of the values of the two major national identities at the time.

Despite the contradictive nature of the two companies and the populist worlds in which they were seen as authentic - a substantial degree of affiliation due to industry competition was evident.

Following the associated values of the populist worlds and of the brands; two distinctive myths can be defined. That of Virgin was the "*slacker myth*" described in section 7.1.3; and that of BA was what I have chosen to define as: "*The professional myth*". The cultural contradiction that these two myths impose is apparent.

It is evident that Virgin and BA competed on both product - and myth market; a scenario that BA seemed to be winning until the time of the "*Dirty tricks affair*" (Gregory 2000)

The contradictory myths and cultural categories resulted in a "war" of brands in 1992 with the "*dirty tricks affair*". The amount of attention that this received from the media and the general cultural institutions caused it to be blown into proportions resembling those of a small cultural disruption. As theories of contextual branding prescribe, such cultural disruptions should be taken advantage of – which was exactly what Branson and Virgin did. First, they pursued legal action; thereby fighting BA in an arena that the consumers within populist world II could identify with; hence when Virgins claims were acknowledged these were perceived as authentic by the constituencies within populist world II. Furthermore, as the actions by BA was in sharp contrast to the values of this populist world BA's degree of authenticity and attractiveness was decreased as a result.

If summarized, it is evident that the dirty trick affair strengthened Virgins brand position within the "slacker myth" *as well* as within "the professional myth"; grasping this, Virgin instantly used the incident in their marketing programme – see appendix 2b, 2c and 3.

Previous sections described how companies by the use of co-branding and brand extensions can transfer brand value/equity from one brand to another; such co-branding usually comes in the form of collaboration. However, I believe that the case of Virgin vs. BA is a prime example of involuntary co-branding (if seen from the perspective of BA). Virgin used the deteriorating values of the brand of BA to strengthen the brand of Virgin.

The fact that Virgin was winning immensely on the myth market, resulted in the fact that the brand of Virgin was involved in two previously contradictive myths. In order to gain and preserve authenticity in both of these, they imposed a slight shift in their branding strategy as well as their product strategy. More emphasis was put on luxury and elements of business – see appendix 2 c. One example of such is that when BA announced the introduction of beds in

business class, Virgin announced the introduction of double beds (BBC 1999), the introduction of onboard massage and chauffeurs to and from airports, see appendix 2 b and 3.

The developments in *and* after the “*dirty tricks affair*” all enabled Virgin to actively take over the positioning of BA in the different myths and place them in the role as the bad guy – see section 7.1.2. Whilst BA might have been using dirty tricks in their business techniques; Virgin used “dirty” tricks in “brandjacking” the brand of BA - by the use of elements from traditional branding as well as clever use of context, culture, elements of contextual branding and meaning transfer.

9. Conclusions from theory and case material

Sections 6.1-6.4 analyzed the two main theoretical perspectives presented in previous chapters, and it was evident that the theoretical assessment concerning the choice of an advantageous theory was not as much a matter of pure theoretical choice as it was a choice of perspective. It was equally evident that theories of contextual branding were to be perceived as a natural evolvement of branding theories - rather than an opposing theoretical perspective. The theoretical perspective assumed in analyzing the case of Virgin and the case of Virgin vs. BA was therefore based on a choice of perspective and assumptions rather than theory. Amongst which were the dynamic identity focus, the importance of the perception of identity, developments in consumption and consumer behaviour as well as major developments in the cultural and contextual framework.

To test if the perspective that from a theoretical point of view seemed advantageous indeed was, the history of the brand of Virgin was analyzed.

The brand was analyzed over 3 major eras during which traditional branding methods were popular. The brand of Virgin had indeed been successful, and it turned out that the concepts of contextual branding offered plausible and exact explanations to this success. The question of causation still remains; was this a result of Virgin and Branson being ahead of time? or was it due to coincidence and/or biased hindsight. In order to get a relative perspective on the performance of the Virgin brand, the case of Virgin vs. British Airways was analyzed.

This case illustrated how concepts of contextual branding could be traced to the degree of “textbook performance”. Virgin had in the commercial battle with BA effectively constituted myths, a dynamic identity, effective endorsement and the composition of stories and myths

involving competitors; in other words, it was evident that Virgin had realized that they were competing on a so-called myth market and composed their brand and strategy thereafter - products were requisites used to achieve the desired fit and authenticity.

As I proclaimed in previous sections, hindsight and historical descriptions offers explanatory value, not solutions. The proceeding sections will seek to provide solutions; once again assuming the example of Virgin, these will seek to describe how the brand of Virgin should be handled - given the current context. Findings will then be assessed from a general perspective given the nature of this thesis.

9.1 Virgin - Current and future brand analysis

The historical analysis of the brand of Virgin revealed how the company of Virgin and its brand has evolved immensely throughout time. Regardless, the company and the brand has been defined by *one* unique aspect across the different periods - Richard Branson.

Doubt has however been evident during the last couple of years as to whether or not Branson and Virgin has lost their "touch"; the company and brand of Virgin has on several occasions been the target of critique within a number of areas in which their position has never been questioned. Such critique has been centred on aspects such as the financial health of Virgin and Branson (Grant 2008), the previously prizewinning customer service, speculations of the use of dirty tricks (telegraph.co.uk 2010) and a general deterioration of the brand of virgin (Grant 2008; telegraph.co.uk 2007; Osborne 2007).

The recent trouble can by applying the concepts of previous sectioned be aggregated into three separate parts: The man Richard Branson, The company and The Context; each of which are briefly analyzed below with respects to the recent critique.

9.1.1 The Man

It was established numerous times in this thesis that the personality of Richard Branson evolved into iconic status fairly fast - thereby becoming the most important marketing tool of Virgin. The constant changing aspects of Branson's personality turned out to be important in achieving the needed dynamics in the myths and brand of Virgin through endorsement and meaning transfer.

Besides the obvious importance of Branson's personality, it was evident that the iconic traits he possessed had its roots in his genuine personality - hence making it sustainable throughout time. His first entrepreneurial adventure "Student" - founded 42 years ago perfectly portrayed his personality - and that fit has been a trademark until now.

As time changes so does the identity of the consumers. Furthermore, it was established how patterns and the reasoning behind consumption has changed. I believe, that it must be taken into consideration, that the generations of consumers that experienced Branson and Virgin during the three periods described within sections 7.1.1-7.1.3 are still affected in their current assessment of Branson. If these periods are taken out of account, and if only the current identity and fit of Branson and Virgin is analyzed - another picture prevails.

New generations not affected by the history of Branson and Virgin, sees an extremely wealthy man - a man approaching an "elderly" age. Furthermore, they see this man on TV enjoying himself; windsurfing with beautiful women on his back, playing about on his private island and hosting TV shows. This might as well have been the description of Hugh Hefner - a description very far from that of the original Branson.

In order to test whether this assessment is correct, I used a focused closed questionnaire aimed at uncovering the perception of Richard Branson by the younger generation. The questionnaire was sent to more than 200 college and high school students¹⁰, of which 113 answered; this is by no means a significant statistical study; but it does reveal interesting tendencies - see appendix 6 for the questionnaire and the detailed results.

The focus of the questions is on composing a rough outline of the perception of the life and personality of Branson as perceived by the targeted generation.

The results show that great confusion exist on the matter of his nationality- see question 1 and 3; something that was very clear in previous eras and myths. Furthermore, it is evident that the perceived values of Branson is as much those attributed to an elderly wealthy man as those of a rebellion. Bearing these facts in mind it is evident that the identity of Richard Branson isn't as clear as it has been in the past; but the knowledge of his affiliation with Virgin clearly is. This, in return, transfers some of the identity confusion to the brand of Virgin - given the concepts of contextual branding.

Naturally, his personality has to change over time; but if the tendencies are analyzed in the paradigm of contextual branding and branding in general; the question of whether the branding phenomena of Branson in previous eras is starting to backfire prevails - can he still achieve authenticity and provide the fuel for future myths? or is it about time for him to step back and let Virgin thrive on his icon rather than his ever evolving personality?

¹⁰ Highschool is referred to as the danish 9-10 th grade, whereas college is the danish "gymnasium"

9.1.2 The Company

It was evident how the brand of Virgin during the 1990'ies played host to not one but two different myths - that at first glance would seem contradictory. This was made possible by the clever use of meaning transfer, myth creation, co branding and clever marketing. However, recent developments pay testament to the postulate that some of the authenticity of Virgin is wearing off. The brand of Virgin has always been centred on the role as the "valiant knight" fighting for consumer rights - something that is in sharp contrast to recent allegations of price-fixing (Osborne 2007). Furthermore, Virgin conquered significant market share and brand equity from British Airways by attacking their associated myth "the professional" on its values and products defined by service and luxury - two areas in which Virgin has received significant critique in recent years; most of which stems from unsatisfied customers expressing their disappointment through social networks and blogs¹¹. The deteriorating fit between myth, brand and reality will inevitably take its toll on the identity value of the Virgin brand and deflate its contextual positioning.

A second important aspect adding to the discussion of the current status of the brand, is the missing obvious cultural contradiction and counter myth. The analysis revealed that since the time of its origin, Virgin has always exploited the existence of opposing populist worlds and cultural contradictions - at times targeting a single company such as British Airways. In all cases Virgin assumed the role as the hero - see fig. 13. Now the rebellion that used to rake on the institutions have become an institution itself; an example of such is the "attack" on the TV network "sky" by Virgin Media, in which Virgin had no superior value proposition or myth to back up their competitive actions (Osborne 2007; Olins 2007). Actions such as these will decrease their authenticity towards the constituencies revolving around their previous myths.

Thirdly, Virgin has always been known as a British company - which was one the cornerstones in previous myths and the associated roles such as Robin Hood and King Arthur. However, as it was the case with Branson, recent developments illustrate how the national identity image of Virgin is unbalanced. The most significant example of such it the prestigious launch of Virgin America - which by the simple use of the word "America" instantly spurs associations linking to the American national ideology - something not entirely desirable for Virgin - given their rebellious history, associated myths and current context.

¹¹Example of such: <http://dabble.com/virgin-atlantic-sucks-the-sad-decline-of-a-good-brand-348>

A fourth factor, is the question of whether the tremendous amount of diversification within the lines of businesses they are involved in is causing a loss of focus and/or deterioration of the brand; looking at the different Virgin businesses it becomes obvious why. It is clear that virtually no one has achieved such an extreme stretch of brand extensions as Virgin; but previously the myths provided an authentic link and a commonality between these extensions - something that to some extent seem to be lacking in the current state of the Virgin brand. The loss of focus in the myths associated with Branson and Virgin has been further enforced by apparent distortions in the brand portfolio; a clear example of such is the failure of Virgin Finance - a line of business in which the values and myths of Branson and Virgin offers poor fit and authenticity.

It is clear, that the focus in the sections above is on the negative factors in the recent developments of the brand; and it is these that will provide the foundation for improvement and recommendations in chapter 11. It is clear that there are interesting developments in factors surrounding both Branson and Virgin - but true to the theoretical scope of this thesis, the influence of the context must be considered.

9.1.3 The context

The contextual developments described in this section is amongst those used in chapter 11; however, the focus here is on what tendencies have or may have affected the brand of Virgin in combination with the above described factors of the man and the company.

In previous sections I described how I think tendencies of the ongoing financial crisis can be perceived as a contextual amplifier in the sense that the anxieties and fears of consumers become apparent in times of crisis - resulting in sharper responses to disruptions and an increased focus on self-perception and cleansing of identities. This in return, creates massive cultural contradictions that iconic companies such as Virgin are expected to fulfill - when they fail to do so they are perceived as unauthentic. Hence the dynamic focus and control of the associated myths is very important in the current context; something that Virgin - given the sections above has neglected to some extent.

Given the current state and recent developments of the brand of Virgin, the following section will seek to apply the theoretical and contextual tools presented throughout this thesis in an attempt to illustrate how the brand strategy of Virgin should be conceived in the time to come.

PART 4

10. Regaining contextual focus

If the recent points of critique above are combined and analyzed with respect to the theoretical paradigm and contextual history of Virgin presented in this thesis, valuable case specific recommendations can be made.

To further increase the relevance and quality of these, the reasoning in the following sections is based on current and future contextual trends presented by the Copenhagen Institute of Future Studies (CIFS)¹². Furthermore, the contents of these recommendations serve as valuable information with respect to answering the general research question of this thesis in the following conclusion.

10.1 Identifying future contextual trends

Analyzing the history and the current state of the Virgin brand, it becomes obvious that one big dissonance is apparent - the need for a focused opposition based myth. Previous myths in periods of success were based on exploiting the construction of exact populist worlds and the occurrence of cultural contradictions; see fig. 12, 14 and the table in appendix 4. At the current state, the analysis of Virgin reveals no obvious effective myth. Hence, the first and most important recommendation concerns the composition of such; which, as following sections will illustrate, can prove difficult.

True to the nature of the research question of this thesis, the contextual framework for mythical composition is in this thesis defined by contextual trends derived from the financial crisis.

Reports from CIFS describe how the financial crisis can be described as "the perfect financial storm"; the result of numerous calumniating factors - a storm that has and will continue to change the behaviour and mindsets of consumers (Fremtidsorientering 2009a, c). They predict that consumers will become increasingly sceptical as institutions previously synonymous with safety, honesty and superiority continue to "get it wrong". The institute further predicts that

¹² <http://www.cifs.dk/>

this is amongst the factors leading to three general future trends relevant for the topic of this thesis¹³.

10.1.1 Green growth

The first trend predicted by CIFS is focused around what can best be described as "green growth". As the word entails, this trend is focused on environmental friendly growth within existing and new lines of business. The deteriorating effect that the financial crisis has on the growth from traditional markets in USA and Asia, will force the companies and consumers within most markets to turn their attention towards alternative areas for growth and innovation - the biggest of which is predicted to be within energy efficient products and markets as well as collectivistic and infrastructural investments.

This tendency will take its effect not only on corporations - but equally in the minds of consumers who will applaud the idea of a "Global Green Deal" which bares optimism and the promise of a brighter future.

10.1.2 Stagflation

The second trend predicted by CIFS is focused on the general economical outcome of the crisis. CIFS predicts that the economical context will experience conditions like those in western economies in the 1970'ies or Japan during the 1990'ies - defined by stagflation. Consumers and employees in the western world will experience a pressure on their income and on their job safety. This is partly due to the price competition from "low cost economies" as well as the fact that they predict that competition will move to markets and products defined by the term anarconomy - a term describing the process by which traditional physical and service products will be replaced by shared services and open source products; dramatically changing the arena of competition in western economies.

10.1.3 The fall of capitalism

The last trend described in these sections is by CIFS defined as "the fall of capitalism", and is to some extent a combination of several trends - including the two above.

In its essence it is focused around the severe effects that the financial crisis, failing trust and confidence has on the behaviour of consumers and inhabitants in general. These will realize that they are the ones paying the bill for mistakes they do not see as their own and cases of overpaid and greedy executives will keep reappearing. This will in return make them turn

¹³ The following 3 sections describe 3 general scenarios, derived and subjectively added from Fremtidssorientering 2008 a,b and 2009 a,b,c.

against corporations and nations defined by traditional capitalistic values - resulting in a focus on "simple living" and support of local economies. Identity and national identity in general will become even more important.

The trends described above was as mentioned subjectively composed and presented from a series of scenarios presented by CIFS. I chose not to rely on any single trend or scenario for the simple reason that the future is not set, and that a composition of different trends will ensure the needed dynamic contextual background necessary for effective myth composition. The following sections will constructively combine theory covered by this thesis with the contextual history of Virgin and these futuristic scenarios, followed by a conclusion.

10.2 Recommendations

The first and aspect to be discussed, is the status of the icon of Branson. Previous sections revealed that the perception of the personality of Branson is not what it used to be during previous periods; in which the values and meanings connected with his personality were centred on the British national ideology, rebellion against the establishment and value for money. He *was* as previously mentioned the Robin Hood of Capitalism - a role that would fit considerably better with the predicted trends of green growth, stagflation and the fall of capitalism than the perception of the current role and iconic status of Branson; see section 9.1. But how do you align the associated myths and values of Branson with contextual trends? The answer lies in the brand strategy of the company and the personal history of Branson. Fig. 14 illustrated how meanings were transferred from Branson to Virgin; the peculiar thing is, that I believe that the "top down" meaning transfer perspective suggested by McCracken does not apply in the current state of Virgin and Branson. 40 years of meaning transfer has left it virtually impossible to separate the values of Branson from those of Virgin - *and* the other way around; hence the "ineffective" state of the icon of Branson might as well be a result of the strategies of Virgin, as it can be actual developments in his personality. Thus, the solution could; thanks to decades of meaning transfer be found solely in the strategies of Virgin; leaving Branson free from altering his personal life, and to thrive from "bottom up" meaning transfer from the company.

This might seem like a somewhat abstract argumentation, but in its basic sense, the reasoning is based on the fact that the Virgin brand is as much a part of Branson as it is a part of the company - hence the endorsement process can now be reversed and the iconic status and values of Branson simply altered by strategies of the company - and not the other way around;

something that should - given the restrictions of the age of Branson, enable a broader scope of accessible myths and values.

Three tangible changes in the brand strategy of Virgin is derived and described shortly below. A constructed framework has been added in appendix 7 to illustrate how these changes interacts with the contextually constituted world based on the trend of green growth and a wide array of theories used within this thesis; such a framework could be constructed to fit any of the trends described above.

10.2.1 Focused diversification

Although physical products mean little or nothing within the theoretical paradigm proposed by Holt, it is evident that the values of the diversification strategy of Virgin has an impacts on the perceived identity of the brand and associated myths.

Following the predicted trends of CIFS, the scrutiny of consumers will increase in the face of the financial crisis. Thus, it will become increasingly difficult to successfully compose myths based on cultural contradictions and opposing companies if the presence of Virgin is evident in both of the contradictory contexts.

Adding the points above to the contextual history of Virgin and the predicted trends, it becomes evident that Virgin should avoid extreme oppositionistic diversification. An example of such could be; Virgin Green – a multibillion dollar fund dedicated to investments in environmental investments vs. Virgin Finance, Virgin Galactic or the upcoming Virgin F1 team. The contrast between these is astounding, and the values that these imply are clearly adding to the current confusion surrounding the core identity of the Virgin brand.

Given the analyses and theoretical perspective of this thesis, I propose a *focused diversification* strategy based on values rather than actual products and lines of business. Directing the attention to the table in appendix 7, such a focused diversification strategy should be made possible by the active use of the contextual basis of Virgin, secondary associations of such, the extended brand identity and the tools connected with these with respect to the following two factors.

10.2.2 Exploiting history

The second aspect that needs to be addressed is the need to exploit the contextual history of Virgin. It is obvious that the previous myths and contextual compositions of Virgin described in sections 7.1.1-7.1.3 and fig. 13, 14 & 15 all have clear referenced to the trends predicted by the CIFS.

The myth and role of Virgin as the Robin Hood of capitalism during the 1990'ies is a perfect fit for the trend; “The fall of capitalism”. The contextual framework surrounding the previous *slacker myth* resembles those described in the “stagflation” scenario. Furthermore, the *love peace and harmony myth* implied values that are directly transferable to the contextual trend of green growth and environmental focus – which is the focus of the table in appendix 7.

It is evident that the contextual material for a historical composition of myths is available, but in order for myths based on historical authenticity to be successful; a overall fit needs to be apparent in the strategies. Already having discussed to importance of the diversification strategy; the second most important aspect remains; Richard Branson.

10.2.3 The future role of Richard Branson

If the future role of Richard Branson is assessed with the theoretical perspective of this thesis, several opportunities prevail for addressing the “unfortunate” trend concerning the perception of his personality revealed in section 9.1.

First possibility: the iconic status of Branson determined in previous sections entails the possibility for Virgin to thrive on his iconity rather than his personality. This would inevitably result in a more static perception of Branson as referring to his past will limit the use of authentic dynamic myths; but if the worst case alternative is assumed this will prove advantageous. The worst case alternative could be one in which an elderly Branson no longer guide the myths of the Virgin brand in the right direction – one in which the values of his person continues to deteriorate the rebellious perception of Virgin.

Put short; the first possibility resides in the scenario in which Richard Branson prepares Virgin for the time after his era – which further underlines the importance of the two strategies above – as these are focused on the brand of virgin rather than that of Branson.

The second possibility is that Branson regains his contextual strength by actively aligning his activities image to fit with the contextual trends *and* the two strategies concerning focused diversification and exploitation of history. The contextual trends predicted by CIFS described in this thesis, offers a near perfect fit with the previous conceptions of Branson and Virgin – hence the second and in my opinion most obvious possibility; is for Branson and Virgin to rely on the myths by which they conquered markets and the minds of consumers in previous decades. Although times and products change – the values of valiancy, honesty, rebellions

and harmony does not; and these are exactly what a contextual environment consumed by crisis needs.

11. Conclusion

The purpose and general research question of this thesis was to describe and compare traditional and contextual branding; and discuss whether modern strategies of branding offer viable strategies within the modern context.

In part two of this thesis, it was established how theories of what was to be considered as traditional branding was concerned with both tangible *and* intangible aspects of brand. Hence, the material benefits and design of products was bestowed with significant importance; which indubitable was due to the original and physical meaning of branding. Analyzing the core elements of the models by Keller and Aaker revealed that the tangible *and* intangible aspects composing the value of brands could be summarized by the key theoretical term *brand equity*; which could be leveraged by traditional methods of advertising and techniques such as brand extensions and co-branding.

Whereas brand equity was the central element in traditional branding; *identity value* was central within the theoretical paradigm of contextual branding. It was apparent that the general models of contextual branding should not been seen as contradictory to those of traditional branding. Thus, they should be perceived as being a natural evolutionary part of branding in general. This assessment was underlined by the fact that the developments of contextual branding was in line with those within research in other relevant fields, such as; consumer needs, consumption and the context in general. It was evident that the tools of contextual branding rely solely on building and maintaining the intangible aspects of brands by means of e.g. meaning transfer and endorsement.

Furthermore, it became evident in the theoretical comparison, that the difference between the traditional and the contextual paradigm was more a question of a difference in perspective rather than a difference in theoretical tools and applications. Relying solely on either perspective would from a theoretical point of view be disadvantageous; and the degree to which contextual branding should be applied is highly dependent on the context *and* the company and line of business in question.

In an attempt to test the assumptions and conclusions based on the theoretical comparison above, an empirical case analysis of the history of the brand of Virgin was conducted with

respects to principles mainly from contextual branding. This analysis revealed that the brand strategy of Virgin was in line with principles of contextual branding – and had been so for almost four decades; encompassing everything from contextual myths, storytelling, meaning transfer and celebrity endorsement. In order to further analyze whether this accordance with contextual branding was coincidence or the result of exceptional perception and foresight, the case of Virgin vs. British Airways was analyzed. This analysis revealed strong evidence that Virgin actively and consciously applied aspects referable to contextual branding; and that such proved an important element – resulting in superior brand performance.

Having established the historical evidence advocating that contextual branding had been advantageous in the case of Virgin, the attention was turned towards the current context, in the attempt to illustrate how principles according to the theoretical perspectives assumed in this thesis could be applied in the case of Virgin.

By applying principles of contextual *and* traditional branding with respect to contextual trends proposed by CIFS, a number of relevant points of critique concerning the current status of the Virgin brand were revealed - problems that revolved around the founder Richard Branson, the company and the context. These were all assessed from a structured theoretical perspective, which resulted in the creation of a complete framework regarding strategies and recommendations.

On the basis of the theoretical and empirical evidence presented in this thesis, it can be established that contextual branding and the related theoretical perspectives and tools does indeed present a golden opportunity in the current context – defined by a financial crisis. However, it was also evident that contextual branding implies a number of assumptions and principles that are highly dependent on not only the contextual framework; but equally the identity of the company and line of business.

“The difference between crisis and opportunity is only a matter of the contextual lens through which ones reality is perceived.”

12. Perspective

Whilst working on this thesis, several interesting aspects for further research were revealed; that due to lack of space and the narrow scope of this thesis was only briefly discussed and analyzed.

It was in theoretical comparison in earlier sections revealed that aspects of contextual branding should not be considered as universally applicable across all industries and lines of business. It could be interesting to further examine exactly what the conditions for successfully applying principles of contextual branding are; and how and if these are applicable in industries companies such as financial institutions – which given the current contextual trends of the financial crisis could prove interesting.

A second aspect that I believe could prove interesting; is a historical analysis of contextual. It was in the analysis of the Virgin brand established that Virgin and Branson had been applying principles of contextual branding for almost four decades. It could in this sense be interesting to analyze whether contextual branding has been historically justifiable. Thus, would contextual branding have proven advantageous in previous contexts such as the great depression and the Second World War.?

Nevertheless the research conducted within this thesis had widened my scope of interest with respect to the mechanics and perspectives of branding.

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Appendix 1 – The Lur brand



Appendix 2 - Virgin commercial 1990'ies



Advertiser: Virgin Atlantic

Title: Grim Reaper

: Rainey Kelly Campbell Roalfe Y&R

Date: April 1997



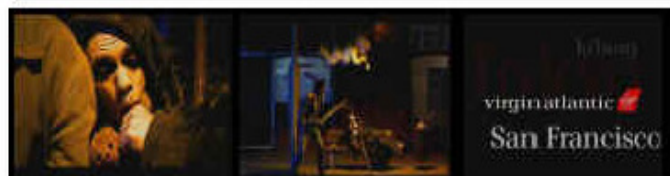
Scene opens with stone angel falling off a building. Church bells ring in the distance as the Grim Reaper appears. Fast paced music starts.



Various scenes of the man's life pass before his eyes, exciting, wild adventures and encounters.



As more and more scenes keep flashing past the Grim Reaper begins to get bored, when eventually he falls asleep.



VO: When your life flashes before your eyes, make sure you have plenty to watch

b)

upper class



*It seems like
every time you blink,
our business class
gets better...*

Our award-winning business class has continually redefined the way airline passengers are treated. Along with a style of service that feels both elegant and casual, our passengers enjoy a generous range of amenities and comforts. Some are obvious, like seats they can actually sleep in.

- **Huge reclining sleeper seats** with up to 15" more legroom than other business classes
- **Complimentary limo service** to and from the airports in the US and the UK
- **Drive Thru Check In**, bypass the hassle and lines, and let the chauffeur check you in without ever leaving the car
- **Virgin Clubhouses and pre-departure lounges**, featuring state-of-the-art business facilities, and at Heathrow and Gatwick, the Virgin Touch beauty salon
- **Pajamas, full-size pillows, feather duvets and fleece blankets** with a dedicated sleeping area on select overnight flights
- **On-board Beauty Therapists**, offering massages and manicures on select flights
- **Revivals Lounge** at Heathrow, where arriving passengers can shower and enjoy a hot breakfast

virgin atlantic 



c)



The Economist. 08/11/2001

Appendix 3 - More Virgin Commercials

Advertiser: Virgin Atlantic

Title: Mr A and Mr B Agency: Rainey Kelly Campbell Roalfe Y&R

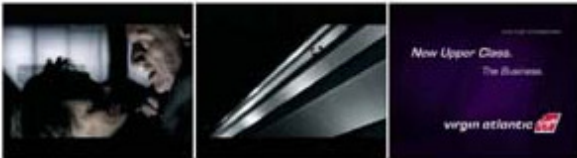
Date: October 1999



(Steve Buscemi) : Knocks on car window
(Man in car): This had better be worth it.



(Steve Buscemi) He's upgraded to the free chauffeur service: they drive you straight past check in to a VIP entrance at passport control. I mean who does he think his passengers are? the president of the United States?
(Rutger Hauer) Dirty Trick
(Steve Buscemi) Do you want me to wipe out the Chauffeur?



(Rutger Hauer) I think you'll find there is more than one
(Steve Buscemi) Oh.

Advertiser: Virgin Atlantic

Title: Kitty Hawk

Agency: Rainey Kelly Campbell Roalfe Y&R

Date: 2006



Scene opens with the pioneer walking through the sand dunes of Kitty Hawk and meets the Wright brothers by their plane.
Pioneer: So the plane's here. And how do you get to it? Chauffeur, takes you from your door to the airport.



Pioneer: You check in without leaving the vehicle. What's the flight between here and London? 7 hours right? People want to sleep with proper beds on board.



Pioneer: You're looked after by the best people. You have drinks on board, but why not sit at a bar. You eat when you want. You get to the other side another chauffeur takes you right where you're headed. You're gonna need a bigger plane.



We now pan through the new Virgin Upper Class cabin.

Appendix 4 – The contextual developments of BA and Virgin

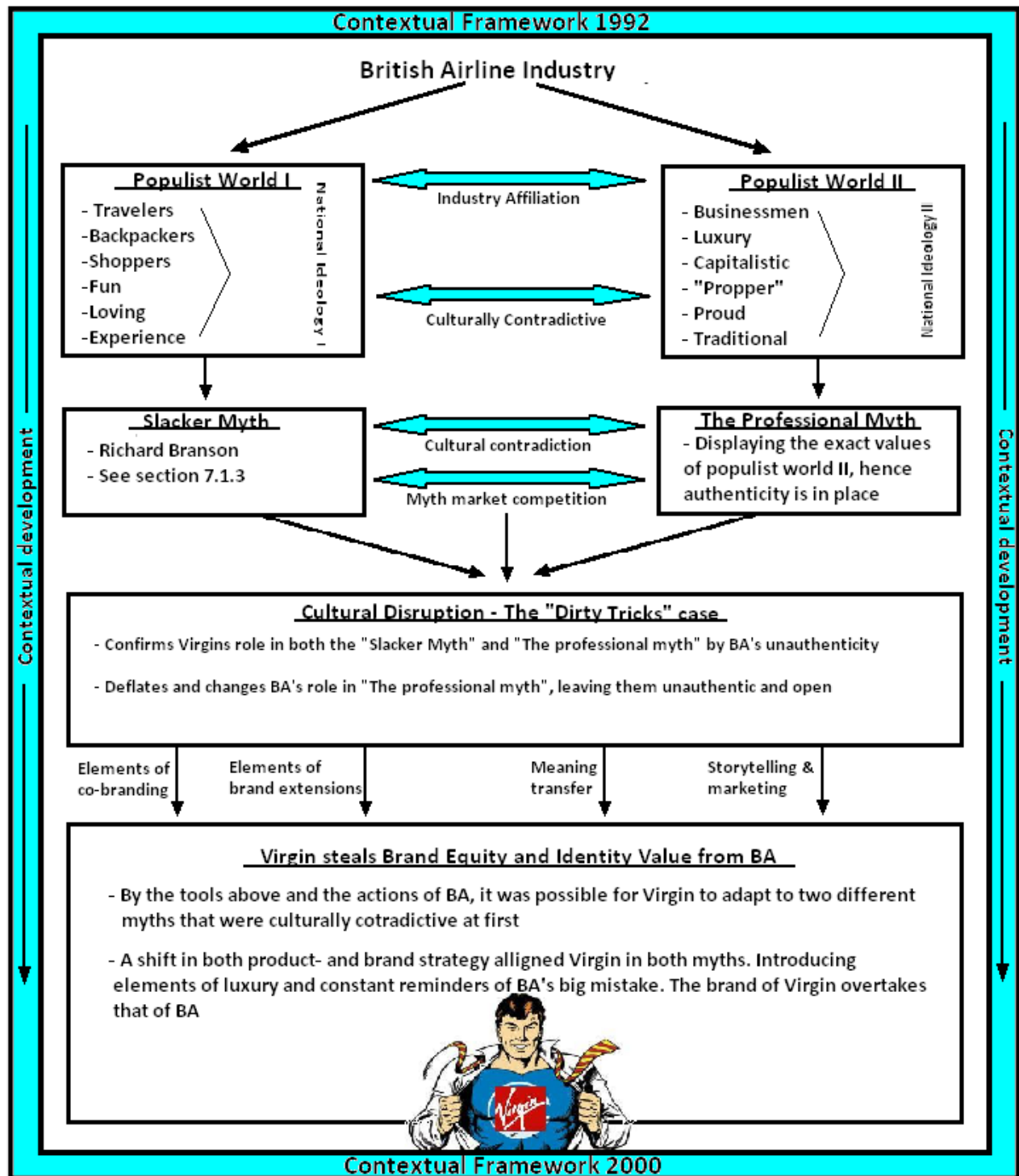


Table constructed from key points of traditional branding, contextual branding and the cases of Virgin and British airways – sections 4-7 in thesis



Appendix 6 - Questionnaire about Richard Branson

1) Richard Branson is from:

USA	Britain	Australia
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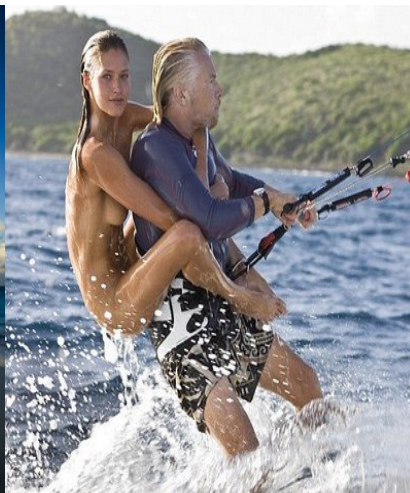
2) Which Company is he associated with?

Virgin	Coca-Cola	Nike
--------	-----------	------

3) I think Richard Branson's biggest passion is:

Being Rebellious	Enjoying the life on first class	Being adventurous
------------------	----------------------------------	-------------------

4) Which of the following pictures illustrate Richard Branson as you would describe him?



1	2	3
---	---	---

5) What role describes the lifestyle of Richard Branson the most?

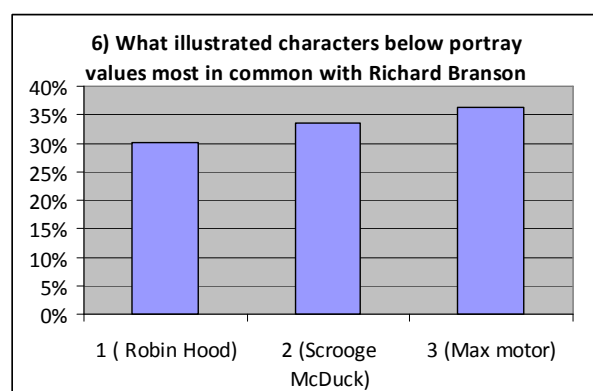
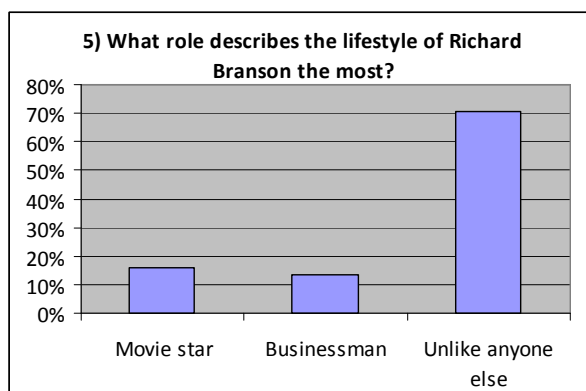
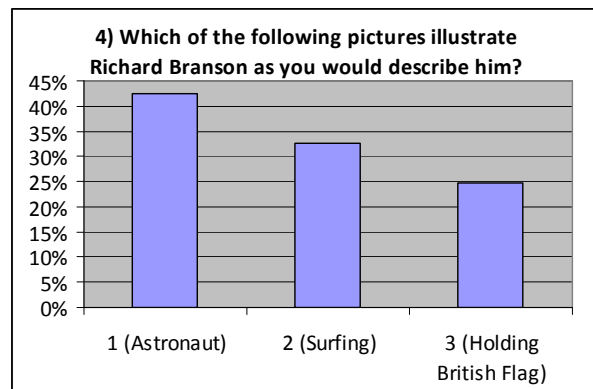
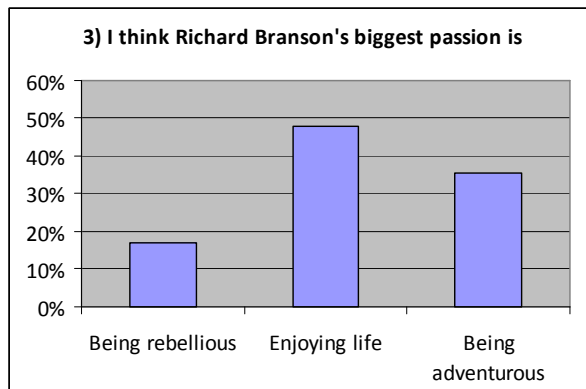
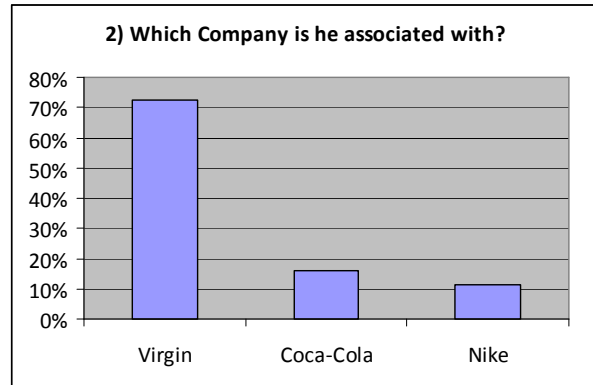
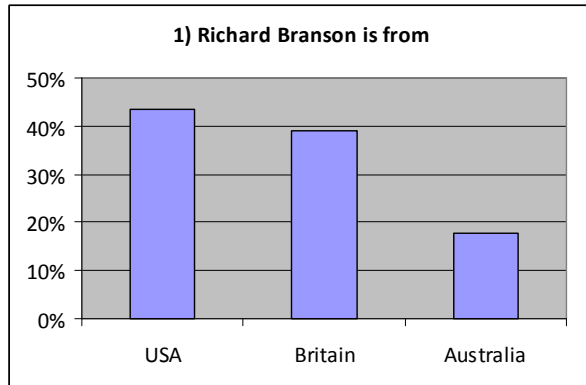
Movie star	Businessman	Unlike anyone else
------------	-------------	--------------------

6) What illustrated characters below portray values most in common with Richard Branson



1	2	3
---	---	---

Results



Appendix 7 - Contextual framework for regaining focus

