



Branding and Succession Planning

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A successful brand is an easily identifiable product or service, augmented by an array of unique and relevant values added to their basic material value, which meet the desires of the end user - the consumer or the client. The brand links these values to a particular supply or service of the business.

The brand can also enable a business to be distinguished from the owner and continue without the owner.

What follows is an overview of Branding and its impact on succession planning.

Branding is an important strategy, used both to alert the market to a business' products and services and to allow the market to differentiate between such products and services and those offered by competitors. A successful brand will not only confer superior profits and increased market share but will also generate long-term competitive advantages by establishing both a good reputation and a strong connection in the minds of consumers or clients between the product or service and the particular business. Branding removed from the owner of the business will enable the business to in effect provide products or services without the persona of the owner.

A brand is created by the use of a distinctive name (Ford), packaging (Coca-Cola), symbol (Lacoste), design (Mercedes) or any combination of these. The

advantage of creating a distinct identity, or value, is that it allows consumers or clients to associate quality, reliability and price with a given product or service rather than personal identity of the business owner. A brand is, in effect, a business' promise to deliver these additional attributes and thus reduce the consumer's or client's anxiety that he or she may be making the wrong choice.

All products and services offer fundamental benefits: a watch may tell the time, a restaurant satisfy hunger and a car may be used as transport. A brand, however, will add to these benefits by generating further advantages. A branded watch may suggest a degree of exclusivity, a branded restaurant a perception of value for money and a branded car may carry the suggestion of reliability or social status. A successful brand is thus defined as one that contributes extra value to the core benefits of a product. This additional value is often referred to as brand equity.

Strong brand equity can generate a number of advantages for a business. First, Branding can increase net revenue by allowing a business to charge a premium price above that of a generic substitute and by reducing future promotional costs. In addition, consumers or clients remain loyal for longer periods of time and thus allow for a more stable flow of income. Second, a strong Brand will permit a business greater bargaining power with



distributors and retailers, since it knows that consumers or clients will expect outlets to stock the brand or provide a consistent service. Third, brand equity associated with one product or service can also be seen as an asset to be exploited elsewhere. Thus businesses may wish to expand the brand to cover a wider range of products or services. This is referred to as brand extension. Fourth, a strong brand may deter potential entrants into a market. The entrant is faced not only with the investment of developing a new brand but also with the additional marketing cost of having to lure existing loyal customers away from the incumbent brands.

Brands also help to promote distributional efficiencies. When a consumer or client purchases a branded product or service, the expectation is of a minimum standard of quality and value. There is no need to carry out individual search costs to ascertain the full set of characteristics of the

product or service, which would be the case if no branding existed. Successful branding allows consumers or clients to reward good providers of products or services with repeat purchases or usage of services.

From the perspective of succession planning a successfully branded business can help remove the owner from the business. Therefore in the event of the retirement, illness or death of the business owner, the owner of the business can continue and either the business is kept within the family or be sold for value.

Summary

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