

Chapter 2

Brand and Corporate Image Management

LEARNING OBJECTIVES

Students should be able to answer the following questions:

1. Why is a corporation's image vitally important?
2. What kinds of tactics and plans can be used to build an effective corporate image?
3. What are family brands, brand extensions, flanker brands, co-brands, private brands, brand equity, and brand recognition?
4. How are logos, packages, and labels related to image and brand management?
5. which brand and product characteristics can be used to establish a positive position in the market?

CHAPTER OVERVIEW

One of the most critical ingredients in the successful development of an integrated marketing communications plan is effective management of an organization's image.

The first part of this chapter examines activities involved in managing a corporation's image.

The second part addresses the issues associated with developing and promoting the various forms of brand names. Brand names, company logos, packages, and labels are closely tied to a firm's image.

The third part of this chapter is a presentation of the types of positioning strategies marketing managers employ.

LEAD-IN VIGNETTE

Gucci: One Strong Brand Works with Others

Gucci is an example of a strong corporate and brand name in the world of fashion. The vignette shows how the organization was born and how it evolved to its present position. The primary features of the Gucci name are associated with being a seductive, high-fashion brand.

Questions for Students:

1. Who are the other major competitors in major fashion? Do these companies have as strong of an international brand presence?
2. What would you do to make sure Gucci continues to enjoy a favorable image in the future?

CHAPTER OUTLINE

Corporate Image

Effective marketing communication begins with the establishment of a clearly defined corporate image. This image summarizes what the company stands for as well as how it is positioned in the market place.

Components of a Corporate Image

The components of a corporate image include:

- Products
- Personnel
- Retail outlets
- Servicing
- Advertisements
- Publicity

The Role of a Corporate Image—Consumer Perspective

From a consumer's perspective, the corporate image serves several useful functions. These include:

- Assurance regarding purchase decisions of familiar products in unfamiliar settings
- Assurance concerning purchases where there is little previous experience

- Reduction of search time in purchase decisions
- Psychological reinforcement and social acceptance

The Role of a Corporate Image—Business-to-Business Perspective

Corporate image is a crucial element of the business-to-business marketplace. Making B2B purchases from a well-known company is in many ways the same process as consumer purchases, in terms of the advantages of a strong and positive image.

Corporate image is especially important when expanding internationally.

Figure 2.1—Highlights the tangible and intangible elements of corporate image.

The Role of a Corporate Image—Company Perspective

From the viewpoint of the firm itself, a highly reputable image generates many benefits. These include:

- Extension of positive consumer feelings to new products
- The ability to charge a higher price or fee
- Consumer loyalty leading to more frequent purchases
- Positive word-of-mouth endorsements
- The ability to attract quality employees
- More favorable ratings by financial observers and analysts

(You may wish to consider the companies in Table 2.1. Ask students their views of each of these major brands.)

Promoting the Desired Image

In making decisions about the image to be projected, marketers should remember four things:

1. The image being projected must be an accurate portrayal of the firm and coincide with the products and services being sold.
2. Reinforcing or rejuvenating a current image that is consistent with the view of consumers is easier to accomplish than changing an image that is well established.
3. It is difficult to change the images people hold regarding a given company.
4. Any negative or bad press can quickly destroy an image that took years to build. Re-establishing or rebuilding the firm's image takes a great deal of time.

Creating the Right Image

In each industry, the right image is one that reaches all target markets and conveys a clear message regarding the unique nature of the organization and its products.

Figure 2.2 lists the benefits of a positive image to customers and to the company.

Rejuvenating an Image

Reinforcing or rejuvenating a current image that is consistent with the view of consumers is easier to accomplish than changing a well-established image.

Rejuvenating an image helps a firm sell new products and can attract new customers.

Changing an Image

It is very difficult to change the images people hold regarding a given company. Consequently, leaders must carefully consider:

- What they wish to change
- Why they wish to make a change
- How they intend to accomplish the task

AT&T considered these concerns when the company's marketing team believed its image needed to be modified.

Corporate Name

A corporate name is the overall banner under which all other operations occur. Figure 2.3 lists the categories of corporate names.

- *Overt names* reveal what the company does (American Airlines, BMW Motorcycles).
- *Implied names* imply what the company is about (Federal Express, IBM).
- *Conceptual names* imply the essence of the brand (Google, Krispy Kreme).
- *Iconoclastic names* do not reflect the company's goods or services (Apple, Monster.com).

(Ask students to provide additional examples of each of these types of names)

Corporate Logos

Quality logos and corporate names should pass four tests, as shown in Figure 2.4.

1. They should be easily recognizable.
2. They should be familiar.
3. They should elicit a consensual meaning among those in the firm's target market.
4. They should evoke positive feelings.

Logos are especially important for in-store shopping. To be advantageous the logo should help with two things:

1. Consumers must remember seeing the logo in the past
2. The logo must remind consumers of the brand or corporate name

The notion that a logo can elicit a consensual meaning among customers is known as *stimulus codability*.

Branding

A brand name is assigned to an individual good or service or to a group of complementary products (within the corporate name structure).

A brand name develops strength in the marketplace when many consumers choose the brand because it is salient, memorable, and noteworthy to them.

Developing a Strong Brand Name

Developing a strong brand begins with discovering why consumers buy a brand and why they re-purchase the brand. Questions to be asked include:

- What are the brand's most compelling benefits?
- What emotions are elicited by the brand either during or after the purchase?
- What is the one word that best describes the brand?
- What is important to consumers in the purchase of the product?

A *family brand* is one in which a company offers a series or group of products under one brand name.

The goal of branding is to set a product apart from its competitors.

Once brand recognition is achieved, the next step is to prolong its success by finding one unique selling point and sticking with it.

Brand Equity

Brand equity is the set of characteristics unique to a brand, which allows the company the opportunity to charge a higher price and retain a market share that is greater than would otherwise be expected for an undifferentiated product.

Brand parity is the perception that there are no tangible differences between competing brands.

In business-to-business markets, brand equity often allows a company to charge a higher price.

Brand equity is a strong weapon that might dissuade consumers from looking for a cheaper product or for special deals or incentives to purchase another brand.

Brand name recognition and recall can be built through repetitious advertising.

Steps to Building Brand Equity

The steps to building brand equity and recognition, as shown in Figure 2.7, include:

1. Research and analyze what it would take to make the brand distinctive.
2. Engage in continuous innovation.
3. Move fast.
4. Integrate old and new media.
5. Focus on domination.

Measuring Brand Equity

Brand metrics are measures of returns on branding investments, including awareness, recall, and recognition.

Figure 2.8 lists 10 powerful brands.

Brand Extensions and Flanker Brands

Brand extension is the use of an established brand name on goods or services that are not related to the core brand.

A *flanker brand* is the development of a new brand by a company in a good or service category it currently has as a brand offering. Flanker brands can help a company offer a more complete line of products, creating barriers to entry for competing firms.

Figure 2.9 lists some of the most preferred brands in various product categories.

Figure 2.10 lists many of Proctor and Gamble's major brands.

Co-Branding

Co-branding can take three forms, as shown in Figure 2.11:

1. *Ingredient branding*—is the placement of one brand within another brand.
2. *Cooperative branding*—a joint venture of two or more brands into a new product or service.
3. *Complementary branding*—is the marketing of two brands together to encourage co-consumption or co-purchases.

Co-branding succeeds when it builds the brand equity of both brands.

There can be risks in co-branding. If the relationship fails to do well in the marketplace both brands normally suffer.

Private Brands

Private brands (also known as private labels) are proprietary brands marketed by an organization and normally distributed exclusively within the organization's outlets.

Several changes have occurred in the private brand arena, summarized in Figure 2.12

- Quality levels of private label brands have improved.
- Many are perceived as a value purchase.
- Loyalty towards stores has been gaining although loyalty towards individual brands has been declining, giving an advantage to private labels.
- Private labels are used to differentiate retail outlets.
- Many firms are now advertising company private brands.
- There is increase quality of in-store displays for and packaging of private labels.

Some manufacturers have responded aggressively to the inroads made by private labels in the clothing industry by increasing advertising budgets to restore the brand name's image.

Another approach manufacturers have taken to reduce the negative impact of private labels is to expand their offerings.

Figure 2.13 lists some of the strategies used by manufacturers to fight the gains made by private labels.

Packaging

A unique package and label can help sell a product, build brand recognition, and inspire repeat purchases.

The primary purposes of packages are displayed in Figure 2.14.

Packages must be eye-catching and contemporary.

New Trends in Packaging

The new trends in packaging, as shown in Figure 2.14, include:

- Increased efforts to meet consumer needs for speed, convenience, and portability.
- Increased interest in contemporary and striking designs.
- Modern packages are designed for ease of use.

An example is the new forms of refrigerator-friendly 12 packs, as created by Alcoa Rigid Packaging.

Labels

Labels must:

- Meet legal requirements
- Point out distinguishing features of the product
- Help lead to the purchase

Positioning

Positioning is creating a perception in the consumer's mind regarding the nature of a company and its products relative to the competition.

Positioning consists of two important elements:

1. It is established relative to the competition.
2. It exists in the minds of consumers.

Effective positioning can be achieved in seven different ways, as summarized in Figure 2.16:

1. *Attribute positioning* is a product trait or characteristic that sets it apart from other products.
2. Using *competitors* to garner a position in the consumer's mind is another common tactic, where one brand is contrasted to show the position of another.
3. *Use or application positioning* involves creation of a memorable set of uses for a product.
4. The *price/quality relationship* is often used by businesses on the extremes of the price range.
5. A *product user positioning strategy* distinguishes a brand or product by clearly specifying who might use it.
6. Sometimes firms seek to position themselves in a particular *product class*.
7. Identifying a product with a *cultural symbol* is difficult, but if done successfully, can become a strong competitive advantage for a firm.

Other Elements of Positioning

Brand positioning is never completely fixed, and can be changed.

It is important to understand how consumers view a product in order to successfully position it.

Brand positioning also applies to business-to-business marketing efforts.

Effective positioning is important in the international arena and must be included in the marketing plan when a firm expands into other countries.

Although the positioning strategy may need to be modified for each country, the company's overall theme and the image of the brand should be consistent.

In positioning products, it is important to be sure that the positioning strategy that is chosen is relevant to consumers and provides them with a benefit that will be considered useful in decision-making.

Ethical Issues in Brand Management

Brand infringement occurs when a company creates a brand name that closely resembles a popular or successful brand (Korrs, Victor's Secret).

Domain squatting or *cyber squatting* means buying a domain name with the purpose of making a profit by re-selling it to the firm.

International Implications

Carefully consider standardization versus adaptation when developing global brands.

Make sure packages and labels are legal and protect the product being shipped over long distances.

Be aware of the complications that occur when trying to position products in global markets.

IMPLICATIONS FOR BRAND MANAGERS AND PUBLICITY DEPARTMENTS

(Note to professors -- these materials are not in the text. They provide a method for you to summarize the chapter in a different way)

Note the tricky relationship between a strong corporate image and bottom line profits. In other words, be aware that it is difficult to use numbers to express the value of an effective image in an era where accountability is such a major concern.

Recognize the value of the following items:

- An identifiable company logo
- A brand name that generates both recall and a favorable impression
- Quality family brands
- Brand equity
- Effective use of private labels

Study the company's position, and the position of each individual product. Use the attributes

of price, competition, use, quality, users, product class, or cultural symbols to identify the position that the company and its products hold. Then, make decisions about the following issues:

- Is this position where we thought we were?
- Is this the position we want?
- If we intend to change our position, where do we aspire to be?
- Which tactics will move the company and its products to the correct, appropriate, or desired position?

REVIEW QUESTIONS

1. What is meant by the term corporate image? What are the tangible aspects of a corporate image?

Corporate image is how consumers view a company, which has many intangible and tangible aspects. The tangible aspects include:

- Goods and services sold
- Retail outlets where product is sold
- Factories where product is produced
- Advertising, promotions, and other forms of communications
- Corporate name and logo
- Employees

2. How does a corporation's image help customers? How does it help the specific company?

A corporation's image can help customers by:

- Providing assurance when they make purchase decisions of familiar products in unfamiliar settings.
- Providing assurance for purchases when there is little previous experience.
- Reducing search time in purchase decisions.
- Providing psychological reinforcement and social acceptance of purchase decisions.

A corporation's image helps the company by:

- Making brand extensions easier.
- Being able to charge a higher price.
- Creating higher customer loyalty.
- Leading to more frequent purchases.
- Promoting positive word-of-mouth communications.
- Attracting quality employees.
- Causing the firm to be viewed more favorably by financial analysts.

3. How will company leaders know that they have created the “right” image for their firm?

A firm will know the marketing team has created the right image for the firm when benefits appear, such as attracting more customers, favorable ratings by financial observers and analysts, and the company attracts quality employees.

4. What is a corporate logo? What are the characteristics of an effective corporate logo?

A corporate logo is something (usually a symbol) that is easily recognizable to consumers. The characteristics of a corporate logo should be: easily recognizable, familiar, elicit consensual meaning among those in the firm’s target market, and should evoke positive feelings.

5. What is meant by the term stimulus codability?

Stimulus codability means that a logo can elicit a consensual meaning among customers.

6. What is the difference between a brand name and a corporation’s overall image?

The difference between a brand name and a corporation’s overall image is in the scope of the terms. A corporation’s image covers the entire organization, whereas the brand name is specific to the particular product, service, line, or products.

7. What are the characteristics of a strong and effective brand name?

The characteristics of a strong and effective brand name are that it is easily recognizable to consumers and that consumers have a positive reaction to the brand name.

8. What is the difference between brand equity and brand parity?

Brand equity is the set of characteristics unique to a brand that provide value to the brand. In essence, the brand is different and better. Brand equity allows the company the opportunity to charge a higher price and retain a market share that is greater than would otherwise be expected for an undifferentiated product. Brand parity is the perception that there are no differences between major brands.

9. Why is brand equity important? How is it measured?

Brand equity allows manufacturers to charge more for products, creates higher gross margins, provides power with wholesalers and retailers, captures additional retail shelf space, prevents erosion of market share, and is a weapon against consumers switching due to sales promotions.

Brand equity is measured with brand metrics, which are measures of returns on branding investments. They track awareness, recall, and recognition, as well as intent-to-buy.

10. Describe the use of brand extension and flanker brand strategies.

Brand extensions appear when the company uses an established brand name on goods or services that are not related to the core brand. Flanker brand strategies are the development of a new brand by a company in a good or service category it currently has a brand offering for.

11. Name and describe three types of co-brands.

The three types of co-brands are:

1. Ingredient branding, or placement of one brand within another brand.
2. Cooperative branding, which is a joint venture of two or more brands into a new product or service.
3. Complementary branding, which is the marketing of two brands together to encourage co-consumption or co-purchases.

12. How has private branding, or private labeling, changed in the past decade?

Private branding, or private labeling, has changed in the past decade in the following ways: the quality levels of products have increased; the products are perceived as having high value; loyalty to stores has increased, allowing store managers to increase in-store or private lines; they can be used to differentiate retail outlets; private label companies have begun to advertise these differences; and store managers now devote more effort to creating quality in-store displays of- and packages for private brands.

13. What role does a product's package play in the marketing program?

The package is the last chance to make an impression on a customer. It should protect the contents, stand out, and tell the consumer what is inside.

14. How can a label support an IMC program or advertising campaign?

Labels must meet legal requirements and be distinguishable to consumers. Labels can refer to features of advertisements and other IMC efforts. They should match the theme of the IMC campaign.

- 15. What is product/brand positioning? Give examples of various types of positioning strategies.**

Product/brand positioning is a perception in the consumer's mind regarding the nature of a company and its products relative to the competition. In the past, Cadillac had a distinct market position for quality, and Crest for being a cavity fighting toothpaste.

- 16. What ethical issues are associated with brand management?**

There are concerns with brand infringement and with domain or cyber squatting.

- 17. How do the concepts of standardization and adaptation apply to products, brand names, and marketing strategies?**

Marketing managers must choose the strategy that fits the company and its products. There has been some resistance to more global or standardized brand names.

CRITICAL THINKING EXERCISES

Discussion Questions

- 1. Dalton Office Supply Company has been in operation for over 50 years and was the predominant office supply company in its region during that time. Approximately 85% of Dalton's business is based on providing materials to other businesses. Only 15% comes from walk-in customers. Recently, low-cost providers such as Office Depot have cut into Dalton's market share. Surveys of consumers indicate that Dalton has an image of being outdated and pricey. Consumers did report that Dalton's customer service was above average. What image should Dalton's project to regain its market share? Outline a plan to rejuvenate their image.**

Student discussions should cover several issues. The company should probably try to build on the idea that they are a high-quality, high-service firm in order to regain market share. The plan should be a total IMC approach, and not just advertisements that promote Dalton as high quality with excellent customer service.

2. **Henry and Becky Thompson are planning to open a new floral and gift shop in Orlando, Florida. They want to project an image of being trendy, upscale, and fashionable. They are trying to decide on a name and logo. What should be the name of their company? What kind of logo should they develop?**

Answers will vary, but one student suggested the name “Chic Bloom,” with a modern looking flower logo, with the idea that it should somehow appeal like the Nike swoosh. This would portray a trendy, upscale store.

3. **Go to a local retail store. Choose five packages that are effective. Describe the reasons they are effective. Choose five labels that were effective at capturing attention. What features were the attention-getting aspects of the label?**

Student responses will vary by product chosen. Look for differences by gender and by culture or national origin. Also note if convenience, attractiveness, size, or some other feature was the deciding factor.

4. **Suppose Terminix Pest Control wanted to expand through co-branding. To gather more information about Terminix, access their Web page at <http://www.terminix.net>. What type of co-branding would you suggest? Which companies should Terminix contact?**

This is a discussion question and answers will vary. Terminix could co-brand, by means of cooperative branding with other services, such as lawn care. Or, they could offer specials in combination with real estate firms for people moving into a new home. The idea would be to attract customers when they first buy a house without waiting until they need service.

INTEGRATED LEARNING EXERCISES

1. **Web sites are an important element of a company’s image. Access the Web sites of the following companies to get a feel for the image each company tries to project. Is the image projected on the Web site consistent with the image portrayed in the company’s advertisements?**
- a. BlueNotes (www.bluenotesjeans.com)
 - b. Portillo’s Restaurants (www.portillos.com)
 - c. BMW Motorcycles (www.bmwmotorcycles.com)
 - d. McDonald’s (www.mcdonalds.com)
 - e. Hewlett-Packard (www.hp.com)

Student opinions will vary. This can be a good in-class discussion question,

especially if the sites can be posted for students to see.

2. **A major consulting firm that has been a leader in extending marketing knowledge and in the area of brand development is the Boston Consulting Group. Other companies who have been actively involved in brand development are Lexicon Branding and Corporate Branding. Access each of their Web sites. What type of services does each provide?**

- a. **Boston Consulting Group (www.bcg.com)**
- b. **Lexicon Branding, Inc. (www.lexicon-branding.com)**
- c. **Corporate Branding (www.corebrand.com)**

BCG lists branding, consumers, corporate development, deconstruction, diversity, e-commerce, energy, financial services, globalization, health care, industrial good, information technology, operations, organization, pricing, retail, strategy, technology & communications, and travel & tourism.

Lexicon lists technology, automotive, and "pharma."

Corebrand offers intelligence, strategy, communications, management, Brandpower rankings, and the organization's Corebrand Center.

3. **Brand extension and flanker branding are common strategies for large corporations. Access the following Web sites. Identify the various brand extension strategies and flanker brands used by each company.**

- a. **Marriott Hotels (www.marriott.com)**
- b. **Procter & Gamble (www.pg.com)**
- c. **Sara Lee Corporation (www.saralee.com)**
- d. **VF Corporation (www.vfc.com)**

Marriott includes Renaissance, Courtyard, Residence Inn, Fairfield Inn, TownePlace Suites, SpringHill Suites, Marriott Vacation Club International, The Ritz Carlton, Marriott ExecuStay, and Marriott Executive Apartments.

P & G's brands are noted in the chapter. In 2005, the company announced the acquisition of Gillette.

Sara Lee has a series of foods and an apparel line that includes Hanes and Playtex.

VF Corporation includes Wrangler, Lee, Vassarette, JanSport, and The North Face.

4. **Private labels are an important source of revenue for many retail stores and manufacturers. The Private Label Manufacturers' Association promotes manufacturers that produce private labels. From their Web site at**

www.plma.com identify the press updates, store brands, and upcoming events that illustrate the importance of private labels for both retailers and manufactures.

These will change as the site is updated.

5. Look up one of the following companies on the Internet. Discuss the image that is conveyed by their Web site. What positioning strategy are they using? What changes or improvements could they make?
- a. Scuba World (www.scubaworld.com)
 - b. Union Pacific Railroad (www.uprr.com)
 - c. Bicycle Museum of America (www.bicyclemuseum.com)
 - d. Metro Dynamics (www.metrodynamics.com)
 - e. Canyon Beach Wear (www.canyonbeachwear.com)

Answers will vary depending because Web sites tend to change on a regular basis. If a particular Web site is not functioning, encourage students to access another Web site within the same product category.

Student Project: Creative Corner

The assignment is to develop a brand name and positioning strategy for a variety of products. Individual student answers will vary widely.

Cases

Case 1 Is Image Everything?

- (1) As a marketing professional, how should each league respond to its image problem?

Student answers will vary. They should note community involvements by athletes and contributions to charities by teams. They should also work with public relations to highlight positive role models within each league.

- (2) What tools are available to help a team or league react to negative publicity?

Activities by the public relations departments; statements by owners; statements by union officials representing athletes, and advertising.

- (3) Can you think of any other methods to help a professional sport build a positive image?**

Many athletes visit local hospital, the troops in war zones, and conduct camps (fantasy camps for older fans; youth camps for kids) that can also highlight positive interactions with fans.

- (4) Go to the Web sites of the NBA, NFL, and MLB. What types of image-building stories, activities, or involvements are present?**

There is nothing on the opening page of the NBA web site; the league does sponsor the NBA Cares program.

On the opening page of the NFL web site there are two links, one to the NFL Youth Tackle program and the other called In the Community.

Major league baseball (MLB) features a Community link plus one for Youth, one for Diversity, and one stating "MLB Goes Green."

Case 2 A Healthy Image

- (1) What are the image issues in this case?**

St. Margaret's knows the hospital cannot be the "best." The other problem is brand parity relative to the other hospitals in the city.

- (2) What are the brand name issues?**

St. Margaret's is viewed as an "old fashioned" name.

- (3) What types of advertisements should Mary develop for St. Margaret's Hospital?**

Ads that emphasize the organization's advantages, including caring service, nonprofit status, and possibly the hospital's Catholic heritage.

- (4) What other types of activities could St. Margaret's pursue to build a strong and positive corporate image?**

Health fairs and community service projects. Outreach programs for the homeless and those without health insurance.

Bonus Case

DAVE’S SCUBA SHOP

“For sale,” read the sign in front of Dave’s Scuba Shop. Dave Dishman, who loved his business, sadly had to admit that he could not continue operating with the kinds of losses he had been experiencing. He was left to ponder what had gone wrong.

From what he could tell, Dave’s problems came in three areas: turnover, inconsistency, and bad public relations. He had tried to deal with all of the issues, but with no success.

The company had begun with a promising opening weekend. Dave had set up shop on the south side of Arlington, Texas, with a small store containing basic scuba equipment items for sale and the offer to make repairs and provide routine maintenance for scuba gear. Early traffic through the store had been encouraging, partly due to radio remote features of a local disk jockey, who was an avid diver.

In the first year, Dave sponsored a dive and also provided funds for a diving-for-charity event. He was trying to build a name for his store as the center of activity when it came to diving in the region. He posted billboards promoting his outlet as where the “best scuba gear and repair” could be found.

The first bad break came when Dave’s key repairman, John, had to quit. John was a first-class repairman who took the time to do a job right. He never compromised on the quality of a repair, even if the store lost money on the deal. John’s wife, who was their major source of income, had gotten a promotion, which meant they had to move. John’s

talent was easily transferred to another city. Consequently, he agreed to move on.

Dave tried three new maintenance and repair workers in the next 6 months. Two were male, one was female, and all three were unacceptable. There was either sloppy work to contend with, or the work took too long. Dave had to soothe the feelings of many unhappy customers during that time period.

Because Dave couldn't find a good repairperson, he decided to do all of the repair work personally. He hired a sales rep to run the front of the store. Mimi was an attractive snorkeling enthusiast. Her only drawback was a great interest in talking about diving rather than selling gear. She was not highly productive in terms of other chores, such as checking out the drawer or restocking shelves. Dave ended up spending longer hours at night fixing things in the "front room." He was also inclined to make mistakes when he was tired, meaning even some of his repairs were suspect.

Word around town was that customers would get an overpriced diving suit with marginal service at Dave's Scuba Shop. Business slowed, and Dave was forced to fire Mimi, leaving him to run the entire operation by himself. Mimi quickly began spreading rumors that Dave was a "jerk," not a good thing to happen in a tightly knit diving community.

Dave decided to try big discounts. He cut prices on all of his products and took out several ads showing how his products were comparably priced with those in major discount stores. To offset his margin losses on scuba equipment, Dave raised the price for his repairs. He soon was spending too much time on the sales floor and not enough in the repair room.

Finally, Dave found a competent maintenance person. He could again focus on selling. He lowered the rates for his repair business, but word around town was that his was the highest price in the area.

Dave tried getting more involved in the diving community to offset the negative image Mimi was creating. He had some limited success, enticing a few former customers to come back.

By then Dave pretty well knew that there was insufficient demand to continue operations in the same way. He was at a loss about how to proceed. Before he could even offer a new program, his rent was 3 months overdue and several suppliers had “cut him off” until he paid some back bills. He knew the store’s credit rating was ruined. Even the utility companies were unhappy.

At that point, Dave had no choice. He had lost his investment and knew his store was about to become one of those nameless and faceless statistics of failed entrepreneurial ventures.

(1) What image was Dave seeking to establish in his store?

Dave seemed to be trying to promote the image of a fair-priced, small, friendly store with interest in the community. The company sold basic scuba gear and provided routine maintenance on gear.

(2) What image did Dave’s Scuba Shop end up projecting?

The image that the store ended up projecting was of a high-priced, poor service, marginal quality gear and maintenance shop. This occurred because of turnover, poor quality of employees, and finally that Dave was stretched too thin by his work.

(3) What could Dave have done to maintain and improve the image of his store and company?

Dave could have dropped one of the two services he offered. Instead of splitting himself between sales and service, he could have narrowed his scope. This would have allowed him to excel at one thing instead of marginal at both. By doing this, the service provided to the customer would have been better; therefore improving the image the customer was receiving. Dave also could have hired a competent person to assist him either in the sales or service area.

(4) Can Dave's Scuba Shop be salvaged? How?

Because the company had already gone under, probably not. Earlier on, by concentrating on sales or maintenance he might have been able to salvage the scuba shop. This would have allowed for improvement in the quality of service provided. It is very difficult to recover from a bad image!