

**Thesis: Introduction:**

**Making sense! - Brand Management in the New Economy**

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**I. Contributions**

One underlying attribute of brand management is the ability to react to changes in societal and market dynamics to better communicate the brand message.

Key variables affecting brand management are changes in *business environments* (market complexities, competitive pressures, global forces), *information processes*, and *societal forces* (Huber 1984; Aaker 2000). The core value of brand management is communicating a message that reacts to these variables. In the years preceding the Internet, these adjustments were both isolated and so subtle that the classic brand management system had not changed much since its original introduction around 1931 (Low and Fullerton 1994; Strasser 1989).

Yet research shows that the Internet has, and continues to revolutionize organizational, informational, and societal processes in such a manner that it has spawned a completely new dynamic between businesses and consumers (Evans 1999; Sinha 2000; Reichheld and Schefter 2000). The full impact of Internet-enabling technology has initiated what has been dubbed as “*a shift in the nature of knowledge*” (Burke 1986). This is an economic alteration so radical that the residual effect that the Internet will have on communication processes will extend far beyond its original inception as a data exchange system. In short, the Internet will change the way the world behaves.

Research has recognized this shift is occurring as one study found that seventy percent of American society (born 1983-2001) will live a “web lifestyle” – congregating less at the mall and more on the Internet (Kelly 2000; Gates 1999).

To the business, a “web lifestyle” signals a shopping behavior that can eliminate once formidable barriers to entry, cut operating costs, capture new consumer relationships, and enable significant profit potential. Under this inference, many new business entrants have attempted to capitalize on these opportunities by creating a recognizable brand identity (Jurkovich and Abrahams 2001). This is evident in the recent increases of several company branding budgets. For example, Amazon.com, one of the most recognized e-brands expended as much as 98% of revenue on marketing

development (Gilbert 2000). The expenditures of brand development indicates increased interest in brand communication, yet doesn't entail efficiency and/or effectiveness.

Yet it appears the value of brands has actually *increased* as a result of the Internet's inception. To the consumer, the utility of decoding brand messages is to have a short-circuit tool that can be used to cut through the clutter (Reis 1998). This fundamental role appears ever more important since research concludes that as the number of choices increase, brand utility increases (Evans 1999; Kerper and Ellis 1998; Reis 1998). In the Internet-enabled market of infinite choice, managing brands may be more imperative than ever before.

## **II. Proposal**

Successful brand management is challenged by the lack of direct control of how brand messages will be perceived by the public; it is a dependent variable (Blackston, 1995). Managing the brand's meaning is limited to the subjective likings of the audience it is intended for. For example, many people are selective listeners when any message is verbalized to them. A person selects what information that person wants to hear based on how it relates to that person's values. As the Internet has influenced a new dynamic between businesses and consumers (Evans 1999; Sinha 2000; Reichheld and Scheffer 2000; Webber, 2001) the classic brand management methodology needs to be reevaluated to determine if it still pertains in the new Internet-dominant context.

Fullerton and Low (1994) state, "Little notice has been given thus far to the question of whether the brand manager system is the best organizational structure for managing brands". This becomes a more critical question as the new nature of knowledge may have transformed effective ways to communicate a brand message (Burke 1986). In other words, without a reexamination, companies may be spending exorbitant marketing budgets on outdated, ineffective branding practices.

This paper will examine the new epoch and its impact on brand management. It will observe how the latest business and consumer dynamic shape brand value amongst the new *nature of knowledge* (Low and Fullerton 1994; Burke 1986). It will conclude whether brand management needs to reshape traditional methodologies to better communicate a brand message.

### **III. Research**

The unpredictable nature of the new economy has spawned many post hoc fallacies that have encouraged constant change on everything, including brand management.

If the Internet's effect on brand communication is to be accurately discerned, it needs to be rooted with an analogous perspective in the past. Having a historical method of analyzing brand management adds a realistic propensity that will signal when, how much, and why the changes revealed have occurred (Nevett 1991; Low and Fullerton 1994). This will help indicate what the nature of knowledge has historically done to communication behavior and how those effects translate into the current communication behavior.

This paper will explore a historical parity that encompassed many of the communal characteristics of today's Internet age. Much like the Internet's fundamental value, the printing press was first introduced as a means to reproduce, at low cost, text to be shared with others. The printing press shifted the nature of knowledge by introducing new processes of sharing information, and its spiraling effects led to changes that have dramatically influenced the way society operates today (Burke 1986). After the printing press was produced, its effects went far beyond its utility of reproducing information. It was a revolution that evolved from a communication technology into the socio-economical arena (Martin 2001). The printing press was the last shift in the nature of knowledge until the Internet's inception.

The Internet's potential effect on brand management will be rationalized with what the printing press historically did to brand value.