Chapter 5

Branding Strategies for Digital TV Channels

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ABSTRACT

This chapter analyses the impact of digitalization on TV marketing strategies focusing on the role of brand as a loyalty-based resource, available to digital television networks to create a sustainable competitive advantage. We analyze the cognitive process adopted by a viewer in the selection process of a TV channel and provide managerial implications for branding strategy and the tools that a television network and an iTV portal need to adopt to communicate values connected with their brand. The goal of this analysis is to offer insights on how a digital television network may create a channel experience leveraging on brand to increase viewers’ loyalty and competitive advantage.

INTRODUCTION

The advent of the new digital technologies and the convergence process within the Information Communication Technology (ICT) are causing progressive hyper-competition which is forcing each single broadcaster as well as digital TV platforms to create strong brand identities.

Broadcasters are increasingly gaining control over the personality of their networks and on viewers’ perception of underlying brand values. This chapter aims to analyze the impact of digitalization on marketing strategies through an investigation on the growing importance of the brand as a loyalty-based resource, available to digital television networks to aggregate and make loyalty vis-à-vis television viewers more concrete.
Branding Strategies for Digital TV Channels

Special attention is being paid to branding policies adopted by digital television networks through a better knowledge of the reasons why brand equity is important in the digital television industry.

The trend towards a progressive worsening of the competition pressure in the television industry results from a number of interconnected causal factors which can generally be reconciled based upon the huge technological and competitive changes in this industry.

The remainder of the chapter is organized as follows. First, a brief review of the brand equity and digital TV industry literatures will provide the theoretical background on the use of equity transfer to facilitate TV marketing strategies. Second, we focus on the cognitive process adopted by a viewer when selecting a TV channel. Third we analyze branding strategies and tools that a television network and an iTV portal adopt to communicate values connected with their brand.

The goal of this analysis is to understand how a digital television network may create a channel experience through increasing viewers’ loyalty as the source of the competitive advantage.

BACKGROUND

Customer-Based Brand Equity

A brand is one signal that provides information about the product’s expected quality (Rao and Ruckert, 1994; Baker et al. 2010). Customer-based brand equity refers to the ability of a brand to endow added value to a product and, hence, influence customer confidence in the ability of the product to meet or exceed performance expectations. Or as stated by Ailawadi et al. (2003, p. 1):

Brand equity is defined as the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name (Aaker, 1991, Dubin, 1998; Farquhar, 1989; Keller, 2003; Leuthesser, 1988).

Customer-based brand equity is often conceptualized as having two general components: awareness and image (Aaker, 1991; Keller, 1993). Awareness can be operationalized through measures of recall and recognition; image is more complex and involves assessing the attributes, benefit and value-based associations to the brand (Na et al., 1999). Efforts to develop and validate measures of brand equity have produced fairly similar results. Yoo and Donthu (2001) constructed a three dimensional brand equity scale defined by brand loyalty, perceived quality and brand awareness/associations. Washburn and Plank (2002) reported general support for branding of ancillary products both a three and four factor model, while Yoo and Donthu (2001) posited a four factor version disaggregating awareness and associations. Netemeyer et al. (2004) identified four facets of customer based brand equity: perceived quality, perceived value for the cost, uniqueness and willingness to pay a price premium for the brand.

In this study we consider three main components of brand equity:

- brand identity;
- brand awareness;
- brand image.

Brand identity includes entrepreneurial values which are the basis for the existence of the brand as well as all the elements to ease its recognition and memory (name, logo, symbols, jingles, slogans, etc.).

Brand awareness refers to the strength of brand knowledge. This strength is expressed by how easily a consumer identifies the brand whenever he/she is exposed to prompts represented by the brand itself (brand recognition), or by a product category, by the needs met by that category and by brand recall.
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