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## GCSE Business Studies

### Brands

A brand is a product with unique character, for instance in design or image. It is consistent and well recognised.

The advantages of having a strong brand are:

- Inspires **customer loyalty** leading to repeat sales and word-of mouth recommendation.
- The brand owner can usually charge **higher prices**, especially if the brand is the market leader.
- Retailers or service sellers want to stock top selling brands. With limited shelf space it is more likely the top brands will be on the shelf than less well-known brands.

Some retailers use “**own-label**” brands, where they use their name of the product rather than the manufacturers like Tesco’s “Finest” range of meals and foodstuffs. These tend to be cheaper than the normal brands, but will give the retailer more profit than selling a normal brand.

Some brands are so strong that they have become **global brands**. This means that the product is sold in many countries and the contents are very similar. Examples of global brands include: Microsoft, Coca Cola, Disney, Mercedes and Hewlett Packard.

The strength of a brand can be exploited by a business to develop new products. This is known as **brand extension** – a product with some of the brand’s characteristics. Examples include Dove soap and Dove Shampoo (both contain moisturiser); Mars Bar and Mars Ice Cream.

**Brand stretching** is where the brand is used for a diverse range of products, not necessarily connected, e.g. Virgin Airlines and Virgin Cola; Marks and Spencer clothes and food.

The **logo** on a product is an important part of the product. A logo is a symbol or picture that represents the business. It is important because it is easy to recognise, establishes brand loyalty and can create a favourable image.

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