

THIS IS
ENGINEERING

15. Branding in engineering

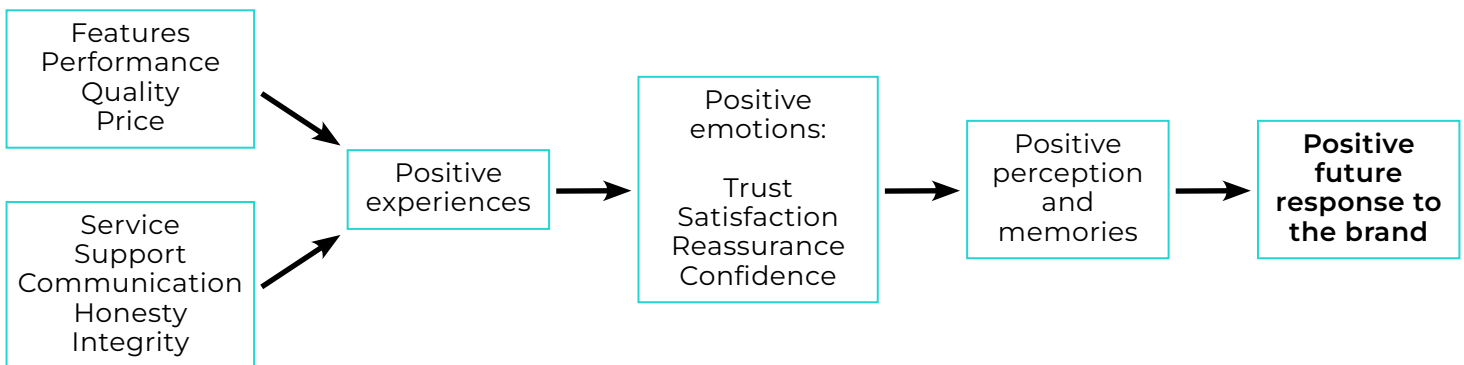
Operations and business development
Marketing for engineers

Strong brands are built not only around strong products with desirable features and performance, but also around organisational behaviours that create positive customer experiences. Entrepreneurs need to build this into their company ethos from the outset, in their business model, and then by considering their market positioning and brand values when developing an effective business strategy. These actions are built on a good understanding of branding, markets, and segments, and growth through brand extension.

Branding in engineering

A brand is a visual identity like a name, logo, or design style that distinguishes your product or service from those of your competitors. It reminds customers of their experiences of using that brand: their emotional responses, as well as its functional performance.

Your brand is therefore more about what your customers feel than what they see. **Strong brands are built around features and behaviours that create positive emotions.**



Your **brand values** describe how your brand creates this positive perception. They are distinct from, but relate to and may overlap with, your organisational values. Together these deliver customer value:



While your visual identity matters, your principles and actions are what really build a strong brand.

These create positive perceptions that encourage new customers to choose the brand, and then create positive experiences and emotions that build long-term customer loyalty and recommendations to others.

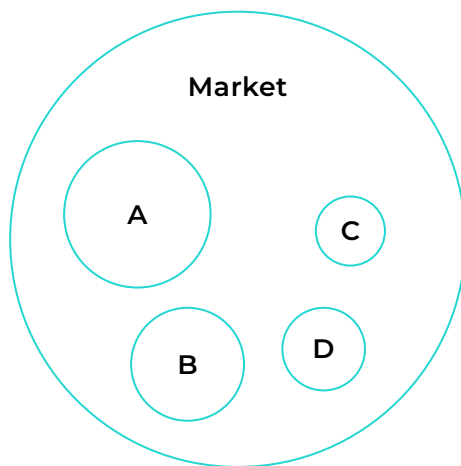
Check your understanding:

1. Name some strong engineering brands and identify what gives you a positive perception of each one.
2. Suggest some brand values for one commercial and one consumer engineering product, for example, high-quality mountain bike parts and wind turbines. Identify how these are similar and may overlap, and suggest reasons why.

Markets, segments, and positioning in engineering

Any successful enterprise needs enough customers who become your source of sales revenue and profit. Your **market** is all the individuals or businesses that may purchase your products or services.

However, not all these customers have the same needs. Each market is made of **segments** of customers who have similar needs, who may purchase your offerings in the same way, or who are in distinct geographical regions. **Segmentation** describes using research to identify these groups and then understand and describe their needs.



Segments A–D represent different-sized groups of customers, each with similar needs.

For example:

Engineering market	Example segments
robotics	heavy industrial, automotive manufacture, electronics manufacture, logistics and warehousing, defence, medical
automation	food and beverage, metal processing, chemical refining and manufacturing, packaging, automotive manufacture
healthcare	home care, fitness, hospital/professional use, specific illness or disease treatment, pharmaceuticals, research

Your **brand positioning** describes both your choice about which segments to serve and the features you communicate to them. **Effective brand positioning creates a positive association between your brand and your customers' desired customer value.**

Check your understanding:

- Suggest different brand segments and brand positions for a startup that will offer sensors for consumer health monitoring and one that will produce sensors for industrial environmental monitoring.
- Suggest why some companies use different brands to serve different markets or customer segments. Relate your ideas to brand positioning.

Brand extensions in engineering

To grow and scale up your enterprise, you must reach new customers to increase your sales and profit. A strong brand identity and trusted reputation is essential.

Brand extensions introduce new products to your existing markets or may even reach further into new markets.

The **Ansoff matrix** (see right), which is explained in the resource **14. Scaling and growth for enterprise**, explores how enterprises can scale up through new products and markets.

The Ansoff matrix can be used to think about both whole markets and the customer segments they contain.

		Products	
		Existing	New
Markets	Existing	A Market penetration: reach more customers within your existing segment.	B Product development: create new products for existing customers.
	New	C Market development: serve a new market and segment with the same products and services.	D Diversification: serve a new market and segment with new products or services.

Example

A startup specialises in ultra-efficient electric motors for small industrial applications and has developed a strong brand reputation. Their market is electric motor users.

They could scale up and grow through:

		Products	
		Existing	New
Markets	Existing	Market penetration Increase marketing spend and reduce costs to become more attractive to their existing customer segment.	Product development Develop high-power motors to serve large equipment manufacturers.
	New	Market development Identify new applications for their existing motor range, for example, customers who make robotics, automation, or vehicle controls.	Diversification Develop new motors for electric vehicles or efficient generators for small-scale wind power.

Check your understanding:

- Rank each scaling-up option above in terms of how challenging it will be to persuade new customers of the brand's position and reputation. Explain your choices.
- Research Rolls-Royce and Hyundai to find the different markets and segments they serve.

Case study: Positioning for success

Background

A startup enterprise aims to produce a sustainable alternative to carbon-fibre woven laminates for supercar and motor-racing applications where weight and strength are critical. Carbon-fibre laminates are very difficult to recycle, but this new product can be returned for processing back into its constituent fibres and resin matrix, to be re-used in less critical applications.

The founders are aware that their potential customers will be sceptical of any claims made by a new manufacturer and may be reluctant to swap to a more sustainable alternative due to the cost of gaining safety certification for the new material.

Your task

The founders have asked you to help them identify what brand positioning will guide their marketing and operations, to gain and build trust in their market and help the company emerge as a market leader in sustainable composites engineering.

1. Suggest what customer value supercar and motor-racing customers will desire when selecting a composite material to use.
2. Suggest what factors (eg cost, accreditation) will help the company position itself effectively in the eyes of its customers.

The company hopes to create brand extensions in the future.

3. What possible extensions can you think of? Use the Ansoff matrix to think about existing and new markets and products.



Extend your learning

- Think of some engineering or consumer brands you have heard of and respect. How have these brands created brand positions that make it hard for competitors to eat into their customer base, protecting their sales and profits? What factors create these brand positions and why do their customers value them?

Answers: Check your understanding

These are example answers – your own suggestions may differ.

Branding in engineering

1. You will name a range of engineering brands; however, the factors that influence a positive perception are likely to include quality, performance, reliability, trust, and design, for example. Note that these are the same as the factors a brand may choose to focus on when positioning itself in its market (see below). Brands position themselves to deliver the value their customers seek.
2. A quality mountain bike part manufacturer might have brand values of quality, performance, reliability, and adventure or excitement. A wind turbine might share similar values of quality, performance, and reliability, alongside service and ability to operate at scale. These overlap because almost all customers for engineered products have common needs for performance and reliability.

Markets, segments, and positioning in engineering

3. A consumer-health-monitoring startup might target users who have one or more specific health needs, such as diabetes, high blood pressure, or another condition with indicators that can be monitored. They might position themselves as being accurate, reliable, and affordable. A startup that produces sensors

for industrial environmental monitoring might focus on particular pollutants in air or water. They might position themselves as sensitive (they can detect very small concentrations), accurate, and reliable.

4. Different brands may be used to serve different markets or customer segments because they allow brand values and positioning to match each segment's needs, if these are very different (for example, a high-quality v 'value' option).

Brand extensions in engineering

5.

Market penetration	easiest because the brand's position and reputation are already established
Product development and market development	medium difficulty as new customers may already be aware of the brand's positioning and reputation, which are transferable to related products or services
Diversification	hardest because the brand is unknown for new product or service types and in new markets
6. The Rolls-Royce brand is associated with luxury cars, aviation engines, nuclear energy, and defence. The Hyundai brand is associated with cars, railway vehicles, defence, heavy industry, shipbuilding, construction, civil engineering, and more.

Answers: Case study

These are example answers – your own suggestions may differ.

1. Supercar and motor-racing customers are likely to value performance factors based around trust in the material, such as strength, low weight, quality, and reliability. This enables them to build cars that perform at the very highest levels and are safe. Supercar manufacturers may also value the aesthetic (good looks) of the material so it can be used for visible panels or components.
2. These customers will value factors such as innovation, excellence, perfection, integrity, honesty, and safety.
3. Possible brand extensions for the material might include:

		Products	
		Existing	New
Markets	Existing	Develop partnerships with other manufacturers (however some may prefer to have exclusive product access).	Develop more recyclable composite or other materials that are suitable for other parts of a high-performance car or become an exclusive distributor for other companies' products in the UK.
	New	Sell the material to high-end boat or electric surfboard manufacturers, who also look for these factors and brand values.	Develop materials and designs for protective gear for motorcyclists.

