Chapter 8
Online Branding

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ABSTRACT
This chapter contributes to the active debate about the significance of branding in the online channel, by exploring the opportunities and challenges associated with online branding. A discussion of online branding objectives and how they might be achieved is complemented by an exploration of the unique facets of online branding. Case studies of successful brands with interesting approaches to branding in the online channel provide interesting illustration. Finally, some thoughts on the future of online branding conclude the chapter.

INTRODUCTION
Brands communicate with customers; they capture key values and messages, relating, for instance, to quality, excellence, consistency, reliability, modern, traditional, exciting, socially responsible, or entertaining. Brands are a means of making an immediate impact on new customers, and reminding returning customers. Strong brands have high brand equity and make a significant contribution to business performance and organizational success. In an increasingly networked economy and environment, messages about what an organization or its products and services mean, and the value that they offer increasingly needs to be communicated remotely, through the organization’s website. The website is not just another channel designed to increase visibility and access. It is a shop window, through which the organization delivers marketing communication, purchase opportunities, information, advice, customer care, service, and experiences. The website has the potential to deliver the company’s identity, products and service in the space of a few screens and within seconds; the whole experience comes together for the user, or, if not managed properly, it falls apart. The website experience defines the brand experience of the online brand.

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The growing importance of online branding and advertising is demonstrated by the investment that many organizations are making in branding and advertising through digital media. In the UK, online advertising spend has reached £2.6bn p.a. (2007), and is projected to rise further. US expenditure on online advertising is $21bn p.a., 7.4% of total media expenditure, and this is projected to rise to 15.4% by 2012 (www.eMarketer.com). Increasing investment in online advertising and branding is associated with higher levels of activity and interest in relation to online branding. The novelty and continuing evolution of digital channels requires ongoing innovation from both businesses and advertising and media agencies, not only in how they present and represent their brand online, but also in how they manage brand communication and the brand experience. Indeed, Chapman (2001), when discussing the rapid rise of Internet brands, such as Yahoo! and Amazon asserts that the role of the brand has changed dramatically, such that brand has become a key competitive weapon in gaining market dominance.

Despite the increasing investment and activity in the area of online branding, the debate about whether brands are more or less important in the online channel continues. Some argue that in a digitized world, with information overload, brands are becoming ever more important, because they save the customer time by reducing their search costs and helping them to make choices in a world that is replete with choice (Rubinstein and Griffiths, 2001; Ward and Lee, 2000). For those product categories in which it is difficult to judge product or service quality through the Internet, branding may be an important signifier of quality, reliability and consistency. And further, in rapidly changing marketplaces, in which many purchases are for products or services that are new to the consumer, the continuity and reliability of brands will become all the more important to consumers. There is also evidence that experienced consumers return to the same sites rather than ‘surf the web’ (Carpenter, 2000). The alternative point of view is that with a wealth of information at their fingertips, coupled with sophisticated search engines and comparison sites, which help in locating information, products and services, consumers can free themselves from the shorthand of brand. Instead they can gather detailed information, including expert and user opinion, on products and services and make their own judgments on the suitability of a product, service or organization, such that brands become superfluous (Rowley, 2004). As Ward and Lee (2000) suggest that there may be a declining role for brands as consumers gather more experience on the Internet, and their search proficiency rises. In summary, the jury is still out on the importance of branding in and through digital channels, but this has not deterred major brands from devoting considerable attention to building brand presence online.

Those who believe that branding ‘matters more on the Internet’ argue that the Internet is fundamentally changing how companies manage their brands, with the emphasis being placed on the ‘branded experience’, not only through digital channels, but also through all other channels through which the organization, and therefore the brand, interacts with customers. This may well be the case for some brands, but for other brands the impact may be less significant. The importance and impact of online branding may depend on product category, with online branding being more important for high risk and high involvement products. Danaher et al (2003) found that in the online world, brand loyalty was related to market share, with high market share brands attracting a higher level of loyalty than those with smaller market shares. In addition, Jiang (2004)’s exploration of the relationship between online brands and customization offers some interesting insights into the role of brands online. They found brand name to have more impact on purchase choices in customization scenarios where quality information is not available for facilitating customer choices. Recognizing that the availability of quality information to a customer in the choice process is
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