

A STUDY ON ALPHA-NUMERIC BRAND NAMING

By

KIM, Yong-Ho

A THESIS

Submitted to
KDI School of International Policy and Management
in partial fulfillment of the requirements
for the degree of

**MASTER OF STRATEGY AND INTERNATIONAL
MANAGEMENT**

1999

Professor LEE, Scung-Joo

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Brand extension strategy has been the core of strategic growth for a variety of companies in the last decade. However, the extension can damage the original brand equity by weakening the existing associations or adding new undesired ones.

Alpha-numeric brand naming can be proposed as a new alternative. This study has examined two successful cases of alpha-numeric brand naming strategy launched in the Korean car industry. First, it was proved that alpha-numeric brand can be effectively used when the high-tech products are launched in the market. Second, the launching of alpha-numeric brand offered opportunities for brand extension. And effective alpha-numeric brand naming placed its current modifier-type of numeric to the identical status with the alphabet.

*Dedicated to the Lord and all the people who helped
to complete this study*

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I . Introduction

1-1. Role of Brands

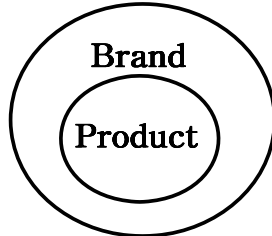
Role of Brand A brand is a distinguishing name or symbol such as logo, trademark, or package design, intended to identify the products or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors.

In fact, a distinguishing trait of modern marketing has been its focus upon the creation of differentiated brands. The intention of this effort is to move beyond product to branded products so as to reduce the primacy of price upon the purchase decision, and emphasize differentiation.

Furthermore, brand has been recognized as an independent equity differentiated from product itself.

Importance of Branding The role of brand is like "Marketing's DNA" because it represents the product. Without brand name for any product, we hardly know and distinguish the product from others.

<Figure 1> Brand and Product



Many people tend to confuse a product with its brand. If a sales manager doesn't have a clear conception of brand name, no brand strategy can be expected from him. We can distinguish brand from the product as follows.

<Table 1> Brand and Product

Brand	Product
▪ Made in mind	▪ Made in factory
▪ Unique (Trademark)	▪ Copied by competitor
▪ Successful brand is timeless	▪ Quickly updated

As we can see in the well-known brands such as IBM, Coca-Cola, Sony, and Ivory, successful brands are timeless.

Many companies receive considerable royalties by granting the brand licensing on a variety of products such as French cosmetics

and fashion, American fast food, and many other consumer brands.

Why is the commercial value of an established brand so high?

First, in comparison with a new brand, the marketing cost of an established brand - especially advertising cost - is significantly lower.

Second, it is difficult to build consumer awareness of a new brand despite high cost and effort, because today people live in a flood of information and they cannot give attention to so many brands.

Third, without a differentiated marketing strategy, a product with a weak brand equity can barely survive the severe competition.

Growth by Brand Equity As an enterprise, the purpose of existence is to thrive by growth and growth. How can it grow? There are many strategies which could be considered. First of all, many entrepreneurs consider the priority of strategies as marketing because the success of a firm strongly depends on marketing strategy. And the core part of marketing is the brand strategy which builds the brand equity.

We can see the value of brand equity as shown in Table 2.

<Table 2> World Top 20 Brand Equity

(billion dollar)

Rank	1996		1997	
	Brand	Value	Brand	Value
1	Marlboro	44.6	Coca-Cola	50.0
2	Coca-Cola	43.4	Marlboro	47.6
3	McDonald's	18.9	IBM	23.7
4	IBM	18.5	McDonald's	19.9
5	Disney	15.4	Disney	17.1
6	Kodak	13.3	Sony	14.5
7	Kellogg's	11.4	Kodak	14.4
8	Budweiser	11.0	Intel	13.3
9	Nescafe	10.5	Gillette	12.0
10	Intel	10.4	Budweiser	12.0
11	Gillette	12.0	Nike	11.1
12	Motorola	9.6	Kellogg's	10.7
13	GE	9.3	AT&T	10.4
14	Pepsi	8.9	Nescafe	10.3
15	Sony	8.8	GE	10.3
16	Hewlett-Packard	8.1	Hewlett-Packard	9.4
17	Frito-Lay	7.8	Pepsi	9.3
18	Levi's	7.4	Microsoft	9.0
19	Nike	7.3	Frito-Lay	9.0
20	Campbell	6.5	Levi's	8.2

Source: InterBrand, 1998.

One interesting thing is that many of world's valuable brand have had a long life: Marlboro 43 years; Kodak 105 years; Kellogg's 91 years; Gillette 94 years; GE 101 years; Pepsi-Cola 99 years; Frito-Lay 65 years; Levi's 145 years.(Gleason, Mark. "MIA on Madison Avenue: Agency, Client Loyalty," *Advertising Age*, January 27, 1997: 3.)

Growth by brand equity includes many strategic components and paths. Actually power brands generate enormous profits. They also expand future strategic opportunities. Many CEOs aspire to possess stronger brands, but few companies establish true power brands. Advertising alone does not build a brand. For example, the US company Foxy Lettuce was not so different from no-name lettuce despite of its advertising.

Building a strong brand means building a strong brand equity. The definition of brand equity is "a set of assets such as name awareness, loyal customers, perceived quality and associations that are linked to the brand(=name+symbol) and add or subtract value to the product or service being offered".(Jun, Sung-Youl. 1998)

We can see a good example of brand equity in the "Ivory

story". In December 1881, P&G ran their first Ivory ad in a religious weekly, stating that the soap 'floated' and that it was '99.44% pure,' a dual claim which has become one of the most famous slogans ever. Ivory, now about 120 years old, promotes the same image and is regarded as a prime example of creating and sustaining brand equity. The key to the success of P&G is its commitment to the development of brand equity, the brand management system that supports it, and the ongoing investment in marketing that sustains it. Actually, in the late 1980s, P&G had 83 advertised brands and annual sales of nearly \$20 billion. In the U.S. it has been the No.1 brand in 19 out of the 39 categories in which it competed, and one of the top three brands in all but five. In these 39 categories, P&G commanded an average market share close to 25%. ¹⁾



Larry Light's perspective on marketing three decades in the future is as follows:

"The marketing battle will be a battle of brands, a competition for brand dominance. Businesses and investors will recognize brands as the company's most valuable assets... It is a vision about how to develop, strengthen, defend, and manage a

1) Aaker, David A. *Managing Brand Equity*. New York: The Free Press, 1991: 1-6.

business.... It will be more important to own markets than to own factory. The only way to own markets is to own market-dominant brands.”

<Table 3> Names, Brand and Power Brands

		Brand	Power Brand
	Name		
(Incremental Metrics)	-Awareness	-Distinctive value proposition -Consistent delivery -Communications aligned with delivery	-Personality presence
(Incremental Benefits)	-Purchase -Traffic	-Loyalty -Premium prices	-Increased leverage opportunities

Source: *The McKinsey Quarterly*, No.3, 1997: 27.

Sometimes the name of a product and brand are used in the same way. But the role of name is only to distinguish a product from the others and may have merely the awareness.

To build brand and brand equity, a company needs to distinguish its products from others in the market; to align what it says about its brand in advertising and marketing with what it

actually delivers.

A relationship then develops between the brand and the customer. For example, Pampers provided a new customer benefit. P&G introduced disposable diapers comfortable for babies with advertising that clearly communicated its value. Pampers is a substantial brand equity for P&G.

How can a company move from brand to power brand?

Power brand has the brand basics plus personality and presence. Brand basics includes a distinctive product, consistent delivery and alignment between communication and delivery. Personality is a purely functional relationship with their customers that are measurably stronger than those achieved by ordinary brands. For instance, Coke represents an icon of American culture. And presence presents at every turn, reinforcing their distinctiveness.

It comes from successful extensions of these brands across multiple concepts and into multiple channels. Disney's theme parks by the Walt Disney Company is a good example of power brand. It has the meaning of "childhood at any age" that customers have powerful association with the brand. Disney enjoys the five main benefits of power brands:

- Substantial, often dominant, and sustained market share
- Premium prices of Disney theme parks, hotels, merchandise
- A track record of extending the brand to new product. In 1923 with the first Mickey Mouse cartoon, they expanded the boundary to film, cable TV, studios, and National Hockey teams.
- Expand to new markets from children to the full range of demographic groups such as their slogan 'age 8 to 80'.
- Expand to new geographic areas such as Japan Disney Land.

1-2. Research Methodology and Structure

1-2-1. Research Methodology

Research Focus Existing research provides evidence that consumers draw inferences about products based on the product's brand name. Consumer notions about remindfulness or fit may be traced to words already in common use; for example, Janitor-in-a-Drum evokes notions of a cleaning product because the words are used in the brand name. Existing brands also affect consumer inferences. However, the research on phonetic symbolism suggests that the sound and shape of the letters and

numbers that are used to form the brand name are also highly influential. Consequently, while existing brands exert considerable influence, it is simplistic to assert that existing brands are the only influence on consumers. Consumers beliefs about brand names in general, and alpha-numeric brand names in particular, may be complex.

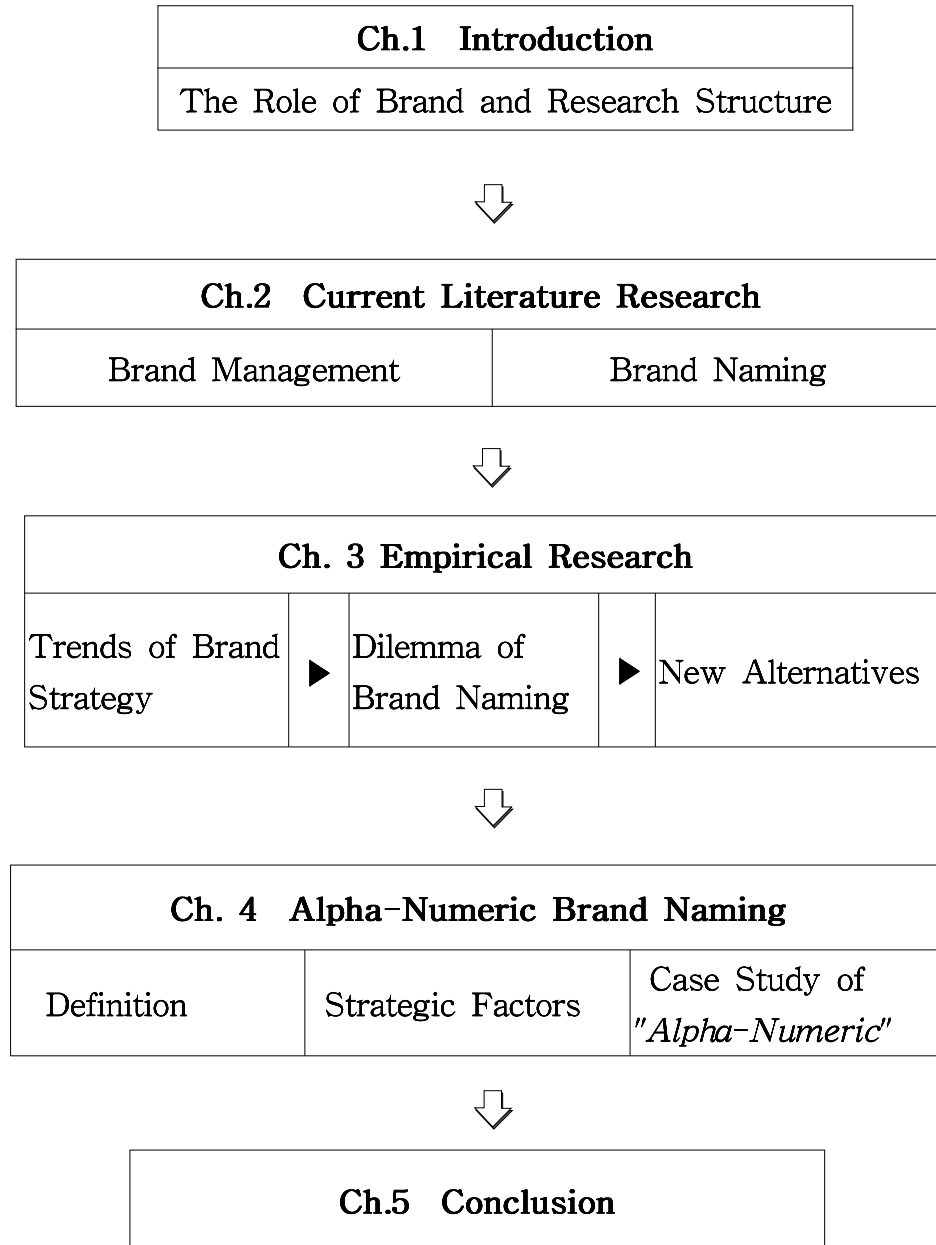
Regardless of the initial impression formed by a brand name, effective marketing and promotion may be successful in developing alternative beliefs. It may actually be beneficial to develop a brand name that does not fit the product class, if the new product represents a radical departure from existing products. However, promotional efforts may be enhanced if managers recognize primary notions evoked by a brand name.

This research is intended to examine certain notions about alpha-numeric brand names. Do consumers have generalizable beliefs about alpha-numeric brand names and are alpha-numeric brand names more acceptable for certain products or in certain product categories? Do they suggest particular uses for the product or particular attributes of the product? How does the magnitude of the number used affect the perception of an alpha-numeric brand name? Do consumers recognize other salient feature of alpha-numeric brand names, if so, which features?

Methods The research will start from an assumption that "all human beings inhabit a cultural world of symbolic meanings and shared understandings"(Barrett, 1984). This research was designed to probe for a reflection of integrated cultural beliefs about alpha-numeric brand names, rather than to analyze the underlying cognitive process by which the participants arrived at and supplied their responses.

This study will start reviewing the current literature research concerning brand naming strategy and especially alpha-numeric brand naming. The research is intended to examine the interaction between product category and alpha-numeric brand name. The trend of brand naming strategy and its dilemma will be studied in the empirical part. Finally managerial implications will be discussed through interpretation of the study and revealed evidence.

1-2-2. Research Structure



II. Current Literature Research

2-1. Definition of Brand Management

There are three principles in managing brands (D.A. Aaker ,1991) First, brand building is a considered process that entails making the right investments at the right time. Second, what those investments are and when they should be made will be partly determined by industry forces. Lastly, brand building calls for major marketing muscle.

The main factors of power brand or strong brand are brand loyalty, brand extension and brand awareness. Brand loyalty is related to brand assets. Brand awareness is related to perceived quality and image from consumers.

Brand management is how to manage and control these factors and eventually how to enhance the value of a brand name.

2-1-1. Brand Naming

Brand name is the basic core indicator of the brand, the basis for both awareness and communication efforts. Even more important is the fact that it can generate associations which serve

to describe the brand – what it is and does. In other words, the name can actually form the essence of the brand concept. ²⁾

An established brand can benefit from the establishment of a new subname. A subname can identify a new model which has a particular characteristic, such as the Mercury Sable. It can also identify a group of models which have a common relevant attribute. Consider Marlboro family brands of cigarettes products by Philip Morris: Marlboro Lights, Marlboro Medium, Marlboro Super Lights, Marlboro Ultra Lights etc.

The Marlboro name has an association with an important attribute such as the symbol of masculine virility, thus has the potential to create real equity.

Effective brand name contributes to brand loyalty. And if brand loyalty is properly managed and exploited, it has the potential to provide value in several ways such as reduced marketing costs, trade leverage, attracting new customers, enough time to cope with competitive threats and sales volume.

In a recent brand naming seminar, it was found that brand name is composed of the following three factors: semantic image, phonetic image and visual image. These three factors have

2) Aaker, *op.cit.*: 187.

influence on brand naming.

Semantic image refers the fact that when a word is used as a brand it becomes inseparable with the word's original meaning. For instance, "Duracell" instantly gives consumers an impression of long-lasting dry cell.

Phonetic image originates from the use of written symbols that naturally represent voice sounds. "Kodak", meaningless by itself but a strong sound, is quite appealing because it conveys the sound of camera shutter as a phonetic factor. "Pepsi" is another example which takes advantage of a phonetic image that reminds of the sound of opening a cap of cola bottle. Even playing the unique, light and clear notes which always accompanies Intel commercial can be understood as a strategy to implant a phonetic image.

Visual image emphasizes the visual impression of a brand. Coca-Cola might have been named "Koka-Kola". Although the two names are phonetically identical, they are quite different visually. The letter "C" is round and feels warm while the letter "K" gives a keen and strong impression. Therefore, as a visual symbol, the letter "C" is more agreeable and pleasing than "K" in

the light of a potable brand requiring essential intimacy.

There are some lessons from brand naming in global marketing:

- *Differences in language and meaning*

Katakana(Japanese printed styles character) indicates the high-tech product image.

But, Kanji(Japanese written style character) is considered as a traditional product.

Bosch's pronunciation in Asia is not good.

- *Superstitions*

Using 11,888 instead of 11,878 is a lucky sign.

- *Naming issue in the region*

Asian firms give extraordinary effort in naming

- Using "nomology" books for "fate" of the name and consulting fortune tellers. But westerners consider it as irrational practice.

2-1-2. Brand Extension

Brand extension means that a brand name which is established in one product class is used to enter another product class. It has been the core of strategic growth for a variety of firms, especially in the last decade. The power of such a strategy is evidenced by

the sheer "numbers."

One survey of leading consumer product companies found that 89% of new product introductions were line extensions (such as a new flavor or package size), 6% were brand extensions, and only 5% were new brands. ³⁾

The attraction of leveraging the brand name is powerful - often irresistible when the alternatives are considered. The introduction of a new name in some consumer markets can involve a great deal of investment. But, no expenditure level guarantees success. In fact, the batting average of new products, even with substantial support, is not very reassuring.

In contrast, the use of an established brand name and the extensions can substantially reduce the introduction investment and increase the success probability.

Brand extensions are a natural strategy for the firm to grow by exploiting its assets. Actually, the most real and marketable assets of many companies are the brand names that they have established. Therefore, one of the growth strategies is to exploit that asset by using it to enter new product categories or to license it to others for use therein.

³⁾ Aaker, *op.cit.*: 208.

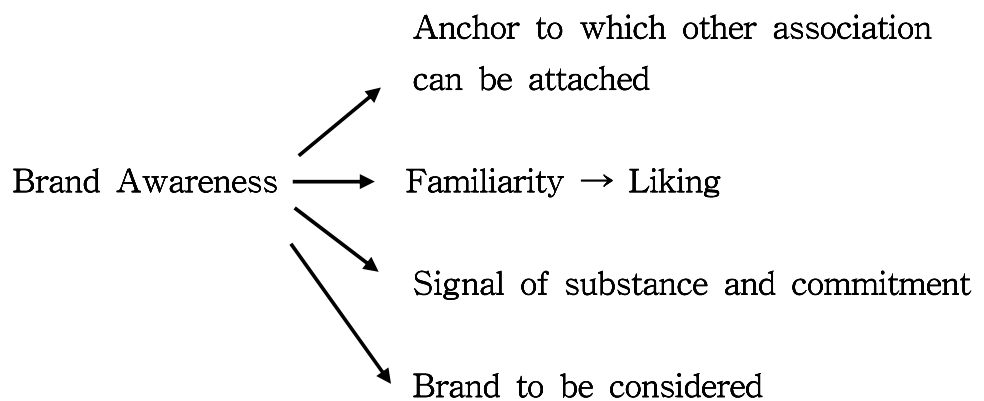
2-1-3. Brand Awareness

Brand awareness is the ability of a potential customer to recognize or recall that a brand is a member of a certain product category. A link between product class and brand is involved. ⁴⁾

According to David A. Aaker, the use of large balloon with the word Levi's on it may make the Levi name more salient, but it will not necessarily help improve name awareness. But, if the balloon is shaped to resemble a pair of Levi's 301 jeans, the link to the product is provided, and the balloon's effectiveness at creating Levi's awareness will be enhanced.

Brand awareness creates value in four ways as Figure 2 suggests.

<Figure 2> The Value of Brand Awareness



4) Aaker, *op.cit.*: 61.

A study of coffee market clearly showed the impact of awareness. For 19 successful bi-monthly periods, market share and advertising expenditure data were obtained and linked to the results of 19 coincident telephone surveys that measured unaided recall and attitudes toward the brands. Advertising impacted on market share only indirectly through its impact upon awareness and attitude. Furthermore, there was as much as influence from a change in awareness as there was via a change in attitude, suggesting that awareness can be an important factor independent of changes in attitude. The implication is that awareness, influenced by reminder advertising, affects purchase decisions.

Another research on brand awareness is conducted by Landor's. Landor Associates has developed a measure of the power of a brand name; the measurement is based upon a survey of 1,000 American consumers. ⁵⁾ Two dimensions are averaged. The one, 'Share of Mind Index' is a measure of brand recognition. The other, 'Esteem Index' is a measure of favorable opinion that people have for companies and brands they know. The ratings are averaged to form an overall 'Image Power'

5) Ryan, Mim. "Assessment: The First Step in Image Management," *Tokyo Business Today*, Sept. 1988: 36-38.

score.

Table 4 shows the ratings for several of the 667 brands tested in 1988.

<Table 4> The Most Powerful Brands in the U.S.

Image Power Rank Order	Company/Brand	Esteem Index	Share of Mind Index
1	Coca-Cola	68	78
2	Campbell's	67	60
3	Pepsi-Cola	61	67
4	AT&T	64	63
5	McDonald's	50	77
6	American Express	60	65
7	Kellogg's	58	64
8	IBM	65	58
9	Levi's	63	58
10	Sears	59	62
...	...		
30	Rolls-Royce	63	46
...	...		
169	Nissan	43	66
...	...		
177	Datsun	41	67
...	...		
667	Asahi	28	27

Source: Ryan, Min. *op. cit.*

How dominant Coca-Cola is of interest in the survey. The gap

between Coca-Cola and the second name, Campbell's, is as large as the gap between Campbell's and the number 50 brand, Dole(not shown in the table). The high recognition score as reflected in the Landor work was undoubtedly the basis of the remarkably successful launch of brand extensions, some with very little marketing support.

In the mid-1980s, the Coke name was attached to nine different soft drinks, including Diet Cherry Coke, a brand which received no advertising support at all.

One finding from the Landor study is that there is a high correlation between awareness and esteem.

Awareness, although a key brand asset, cannot by itself create sales, especially for a new product. An unusual and controversial advertising campaign, introducing the Infiniti by Nissan using scenes of nature, illustrates this point.

2-2. Brand Extension Strategy

A brand name can fail to help an extension, or can even create subtle associations that can hurt the extension. Worse still, the extension can damage the original brand equity by weakening

existing associations or adding new undesired ones.

David A. Aaker suggested some strategic considerations such as the following:

When does an extension make sense?

There are three options: 1) Strong brand associations provide a point of differentiation and advantage for the extension. 2) The extension helps the core brand by reinforcing the key associations. 3) The category will not support the resources needed to establish a new name.

Think strategically. It means we should think beyond the first extension to future growth areas.

Use nested brand names. It is possible to develop new brand names with existing brand names and use them to develop associations and platforms for new growth. For example, Jell-O introduced Deluxe Bars, an extension of Jell-O Pudding Pops providing peanut - and chocolate - covered flavors.

2-2-1. Effective Brand Naming

Naming is too important to be related to a brainstorming session among a few insiders around an office table or in an executive lunchroom. Because a name is much more permanent

than most other elements of a marketing program such as packaging, price and advertising theme, the process of both generating alternatives and selecting them should be systematic and as objective as possible. The use of a professional firm can help the process and the naming strategy. Nowadays some professional naming companies emerged such as *Lexicon Branding* (website: <http://www.lexicon-branding.com/hbr>, the U.S.), *I-Reum Goal* (Korea), etc.

According to Lexicon, there are "Five Questions to ask before you approve your next brand":

1. *Does the name break any rules?* If it doesn't, try again. Last year, 30,000 new brand names were registered in the U.S. With all that clutter, just fitting in won't work. If you don't want to be lost, you need to look for a different message that is unexpected and relevant to your customer.

2. *Will it make your competitors grimace?* Since a registered brand name is the one thing your competitors can't take away from you, it needs to make them wince every time they see it. If you think they'll just shrug it off or create something better, take it off the list.

3. *Does the name make a promise or tell a story?* If it

doesn't, don't approve it. Great names are like small poems. Every letter, word unit and sound work together deliver strategic messages. Too often, names are selected for what they mean at the moment, as opposed to messages that keep delivering. What would you rather have, *Antigliare* sunglasses or a pair of *RayBans*? It's tempting to select the comfortable solution. If you think about it, selecting the right brand name can be your toughest marketing challenge. But what could be more important? The right brand name is the cornerstone of the product-customer relationship. It is your single most powerful marketing tool. And the one thing your competitors would love to steal.

4. *Is the name descriptive or suggestive of a feature or benefit?* If so, make sure it is the single most compelling benefit that consumers will need over the next ten years. This could make or break the brand.

5. *Are you comfortable with the name?* If you are, have a good name, but you don't have a great one. Oscar Wilde once said that an idea that isn't dangerous is hardly worth calling an idea at all. It's the same with a name. A great name provokes. It takes chances. This attitude attracts customers and the market to your brand. Let the other guys just fit in. (Lexicon Branding, <http://www.lexicon-branding.com/hbr>, 1999)

According to David A. Aaker, there are general alternatives for brand naming:

- Combining them into phrases - Video Express, Movie Truck
- Generating parts of words and combining them - Rentivideo
- Considering symbols for each - Popcorn Video
- Using rhymes - Groovy Movie
- Using humor - Cecil B. Video
- Adding suffixes or prefixes such as poly, omni, vita, ette, dyne, lite, syn, ad, ix, vita, ada-Moviette

2-2-2. Ineffective Brand Naming

In the global market, a brand should be named after confirming several points in order to prevent negative effects on the brand.

1. Accessibility : It should be confirmed that a brand name is easily accessible to the consumers in the market and country. For instance, when pianos named "Young Chang" were exported to China, people were often asked whether the "Young Chang Piano" were produced by a young person who has a family name of "Chang".

2. *Implication* : Does the name have similar or hidden meaning?

United Airlines adopted "Allegis" as a brand name combining 'allegiant' with 'aegis' when they entered into hotel and car rental business. However, "Allegis" made people think of "allergies" and as a result United Airlines gave up their business due to the unfitting name.

3. *Negative implication* : Does the name have any possibility to cause confusion with other brand?

Samsung refrigerator Zipfel's meaning in Germany is "the top", but also "Zipfel" has the meaning of men's sexual symbol, thus the brand should be changed to "Zipel".

4. *Is the name easy to pronounce?*

In case the sound of the last word is a vowel, it needs to be careful. It is said that "I" and "U" are usually inadequate, with refraining the using of "U" especially, even though "A", "E" and "O" are considered as good.

Japanese cars having the last word "U" brand name like "Daihatsu" and "Isuzu" failed in the U.S market due to unfamiliarity of "U".

There are some typical cases of negative effects in Korean brands:

- The "NOVA" of General Motors Ltd. means "not go" in Spanish and it gave rise to public criticism.
- The company name, "Korea Explosive Group" was changed to "Han-Hwa Group", because it caused people to misunderstand as a terror group with bombs or a plant which produces mono powder products.
- "KIA Motors", its abbreviation of "Kill In Action" means "Death in the battle" in the army terminology.
- "SUN-KYOUNG Group" was changed to "SK Group", because it may be misunderstood as "SUNK-YOUNG".
- The first two letters "SS" of "SSANGYONG Motors" had been imagined as "NAZZI" or "Gestapo" in Germany.
- Borneo Furniture could not help changing its name to "BIF" due to misconception as a poor quality product made in Indonesia's Borneo Island.
- The image of 'HYUNDAI' may give a bad impression because its pronunciation "DAI" means "die".

There are other failure examples concerning global brand name:

- AMF: The official name of Australian Army
- Bardak : Prostitution (Russia)
- Enco: The car which engine stopped. (Japan)
- Nonox: Nonok is woman's sexual symbol (Indonesia)
- Pinto: Man's small sexual symbol (Portugal)
- Super Piss: "Piss" is urine (The U.S.)

III. Empirical Research

3-1. Trends of Brand Strategy

3-1-1. Prevalence of Individual Brand

The prevalence of individual brand is one of the most significant trend.⁶⁾ For example, in the Korean beer market HITE beer emphasized the individual brand HITE instead of advertising corporate image or family brand and it was successful in the market. Accordingly, other competitors also use the strategy of focusing on the individual brand name such as Ice, Cass, Nex and Capri.

There are similar trends in the beverage market(e.g. Miero Fiber, Five Mini, Pocari Sweat, Demi Soda, Coco Palm) and also in snack market (e.g. Chitos, Icer, Zech and Denti-Q). Such a strategy has spreaded broadly, especially in the non-durable products. The reason of the individual brand strategy booming in recent years is because it is advantageous for manufacturers to distinguish their own brands from others in the market entering its maturity. Also, in the low involved products, consumers do not

6) Ahn, Kwang Ho and Lee, Jin Yong. *Brand Power*. 한국언론자료간행회, Seoul, 1997: 297-298.

have to struggle with choosing products and also it is very practical strategy for consumers to remember the products by associating the individual brand with the product's characteristics. However, the individual brand strategy could be very costly for marketing and advertising, as it might result in a war of attrition.

3-1-2. Prevalence of Brand Extension

In today's competitive marketplace, brand extension has become a standard strategy for new product introduction. Brand extension has proliferated in the last decade, escalating to an all-time high, with estimates ranging from 81% to 95% by the beginning of this decade. ⁷⁾

The rationale behind endowing a new product with a well-known brand name is to provide consumers and the trade with a sense of familiarity and security by leveraging positive brand characteristics in a new product category.

Brand extension research has shown that the positive effect of a brand may be transferred to other products.(Boush et al. 1987). Moreover, affect transfer is most likely to occur when the brand's

⁷⁾ *The Wall Street Journal*, Jan. 1992.

old and the new categories are perceived to be similar(Aaker and Keller, 1990; Park, Milberg, and Lawson, 1991).

Many companies use individual brand name for each product because they want each brand to have a unique and distinctive image. However, promotional costs for new brands are generally higher when individual brand names are used, since the company must create consumer awareness without the benefit of prior associations. Therefore, in recent years, the high cost of establishing an identity for a new individual brand has prompted many companies to use a brand extension strategy whereby a firm extends an existing brand name to a new product.

3-2. Dilemmas of Brand Extension

As we already discussed, brand extension has become a standard strategy for new product introduction and an effective instrument for avoiding the high cost of establishing an identity for a new individual brand.

However, one of the dilemmas of brand extension is the possibility of brand dilution.

Brand and line extensions has become an increasingly popular way to leverage the equity associated with well-known and

well-respected brand name. Yet extensions can carry the risk of diluting what the brand name means to customers, especially in the case of extensions that are inconsistent with the brand's image or fail to meet consumer's expectations in other ways. 8)

The success of Tuna Helper and Hamburger Helper promoted Betty Crocker to create a chicken version. However, the chicken product requires more time, since the chicken content had to be prepared. Furthermore, the name Betty Crocker Cookbook Chicken, which was supposed to suggest a quality home-cooked meal, was very confusing. Many people thought that the product was a cookbook or recipe. When the name was changed to Chicken Helper, the association with Betty Crocker was reduced and the product was better received.

Under certain conditions, brand extensions can diminish consumer's feelings and beliefs in a brand name(Loken and John, 1993; Milberg, Park, and McCarthy, 1994; Sullivan, 1990). Studies in this vein typically have measured whether consumer perceptions of, beliefs about, or evaluations of the parent brand name are affected by the introduction of a new brand extension.

8) John, Deborah Roedder, Barbara Koken and Christopher Joiner. "The Negative Impacts of Extensions: Can Flagship Products Be Diluted?," *Journal of Marketing*, Vol.62 , Jan. 1998: 33.

If a new hypothetical brand extension is introduced under a well-known brand name(e.g., Ivory bubble bath), then it would be queried about consumer's beliefs or evaluations of the brand name in general(e.g., Ivory).

And there could be equally important risks at the individual product level. Of these, the most important one is the risk that brand name dilution will be accompanied by dilution of the company's flagship product carrying that brand name. For example, there are many flagship brand names most closely associated with consumers such as Ivory(soap), Sony(electronics) and American express(credit card).

One research focused on detecting whether dilution of a flagship product can occur as a result of the introduction of an extension that has attributes that are inconsistent with consumer beliefs about the parent brand. In this research, dilution was evident for both types of attribute beliefs, gentleness and hygiene in Johnson & Johnson products. Beliefs about individual products marketed under a parent brand - both flagship and non-flagship products - can be diluted. ⁹⁾

9) John, Deborah Roedder and Barbara Koken, *op.cit.*: 19-32.

The key finding of this research is that the risk of brand and line extensions does not stop at the parent brand level. Inconsistent extensions carry the risk of diluting important consumer beliefs about individual products that carry the parent brand name.

Beliefs in flagship products are the most immune to dilution, showing resistance to change unless a line extension is involved. Therefore, it is important to note that extensions can be perceived as inconsistent on a variety of bases, including the degree to which extension attributes and product categories fit the parent brand image.

Progress on these empirical research would provide us with a better understanding of the risks of extension strategies for brands as well as their individual products.

Another dilemma is the budgets constraint. Price pressure and proliferation of competitors put pressure on contributes to brand complexity and reduces a company's brand positioning options. Companies are often motivated to copy success instead of coming up with a brilliant idea of their own - which may be a mistake. Focusing on short-term financial

results can undermine a company's investment in brands.

A strong existing brand identity is ironically the other aspect of diluting new strong brand.

A strong existing brand identity can lull companies into complacency and tempt them to divert investment elsewhere. In the 1960s, Xerox owned the copying business but in the 1970s, as it diverted resources into the "office of the future concept," it lost its market share.

So, how can we provide more effective brand extension strategies without dilution of brand and with low expenses?

3-3. New Trends in Brand Strategy

3-3-1. Alpha-Numeric Brand as an Alternative

There has been an increase in the alpha-numeric naming of products. The main reasons for the increase in the alpha-numeric brand are as follows;

- the onward march of technology
- a lack of new words and ideas
- greater identification of market segments
- short product life cycles
- the stretching of a well-known corporate name to unrelated

product areas.

In relation to this, ways in which alpha-numeric names are used as product names include: 1) abbreviations, 2) inventory code numbers and names, 3) technical symbolism, and 4) mythological identification. The figure 7 and the letter X are commonly used in alpha-numeric brand names. Alpha-numeric naming is expected to expand into a wider variety of products. In addition, the introduction of formality and analysis into the decision process results in the selection of a particular alpha-numeric name for a product. Because the pool of short alpha-numeric names is relatively small, there may be claims for ownership of particular alpha-numeric names. ¹⁰⁾

The Meaning of Words and Numbers

There is evidence that consumers have preconceived notions about which words or sounds are appropriate for brand names in certain product categories (Peterson, 1972). There are two opposing schools of thought on the meaning of words, which have been referred to as the Juliet principle and the Joyce principle

10) Boyd, Colin W. "Point of View: Alpha-Numeric Brand Names," *Journal of Advertising Research*, New York, CD-ROM, UMI-Proquest, Oct/Nov. 1985.

(Colins, 1977). The Juliet, the heroine in Shakespeare's play, holds that "that which we call a rose, by any other name would smell as sweet." This principle suggests that names have no intrinsic meaning; as a result, with effective marketing, any nonsense name could be made to work with any product. By contrast, the Joyce principle rests on the type of phonetic symbolism frequently observed in the works of James Joyce. It suggests that certain sounds have an inherent meaning to speakers of a given language. Sapir(1929) and Dogana(1967) reported that certain vowels and consonants sounds bigger than others and, when used in a nonsense word, are interpreted by the majority of listeners as referring to a large object. Other researchers have noted that C,D,G,K,P and T, as the first letter of existing successful brand name, have the higher incidence of consonants than expected(Schloss 1981 and Vanden Bergh, Alder, and Oliver 1987) and that nonsense names beginning with these consonants evidence higher recall and higher recognition than others (Vanden Bergh, 1982 and Vanden Bergh et al. 1984).

Although little research on alpha-numeric brand names exists, there is a variety of research on numbers and mathematics that may be relevant to the study of alpha-numeric brand names.

Many superstitions in the Anglo-Saxon culture involve numbers (De Lys, 1957; Lasne and Gaultier, 1984). Knapp and Chen(1964) evaluated the affective, religious, and symbolic meaning of the primary digits 1 through 9. In general, they found that the smaller numbers(1, 2, and 3) were described as "simple, complete, and weak;" large numbers (those over 3) were seen as "smooth, powerful, complex, and masculine:", even numbers were "smooth and feminine," and odd numbers were "lucky and powerful."

In two other studies, subjects were asked how many associations they could make with the numbers 0-100(Batting and Spera, 1962; Cochran and Wickens, 1963). The respondents indicated that it was easy to make many associations with numbers such as 100, 1, 0, 2 and 13. These studies suggest that numbers, in and of themselves, may have surplus meaning to individuals.

New Millennium Brand

On the occasion of the year 1999, marketing in relation to number 9 has been booming in the Korean market. 999 marketing, a primary example of "9" related marketing, is also called "dove marketing" because it sounds like dove's twittering "GuGuGu" in

Korean. Retail industry like department stores has made full use of special sales strategy through free gifts or special discount on products confining 9, 99 or 999 people or sell the famous brand products and lucky pockets with the regular price of ₩1,999 or ₩19,990.

As a matter of fact, the marketing strategy employing the image of number 9 has been used broadly in the West. Sellers allure consumers to feel buying their products at the discount through setting the price, \$1.99 or \$19.99. In hotels and theaters, they offer free or special gifts and sometimes give surprise gifts as a means of marketing. Seoul Land, a theme park of Korea, has their mono-rail previously named Milkyway Train 888(은하열차 888) commemorating its first entering year, 1988, but its name changed as Milkyway Train 999(은하열차 999) in 1999.

In addition, numerous brands have already been prepared and used in various industries making ready for the coming new millenium. Countless "2000" or "200" brands are currently coming out in the consumer markets representing the year 2000. In the automobile industry, for instance, during the first quarter of 1999 Chrysler introduced an all-new Dodge/Plymouth Neon, the 2000

Neon. And Ford replaced its aging Escort with the 2000 Focus, which is already on sale in Europe. In the tobacco industry, Turkish tobacco monopoly, Tekel, brings American-blend type cigarette brands such as Tekel 2000 and Tekel 2001 to the market. It is expected that many more brands representing the year 2000 will come out in the market.

Price Image and Alpha-Numeric Brand

After IMF crisis, the package size of a Korean brand, shrimp cracker Sae-u-kkang(새우깡), became three times bigger compared to the previous package. Despite its larger size, the price was reduced and thus it became a product all family can enjoy together in their home. The interesting thing in those big size packages of snacks is that customers don't have to ask store clerks the price because the snacks inform their price along with brand names such as 4000 bbeong-so-ri(4000 빵소리), 4000 Corn chip, Nong-shim 1500(농심 1500), No-rae-bang(1500 노래방), 2000 O-jing-eo ttang-kong(2000 오징어땅콩) of Oriental Bakery, 7000 English class of Lotte Bakery, 3000 bbae-bbae-ro(3000 빼빼로), 5000 ABC chocolate, 3000 Monshell-tong-tong, 21000 Corn chip of Crown Bakery, and 2100 Jori-pong(2000 조리퐁).

In this case, Alpha-numeric brand is raising its brand awareness as a way of brand extension providing consumers price information through numbers.

Alpha-Numeric Brand Name with High Brand Equity

Chanel No.5 : Maintains its fame as an everlasting perfume brand of women with the slogan “its unique fragrance and style are expressed in the modern sense”

Mild Seven : It is widely recognized in the Far East including Korea as well as in Southeast Asia and Central Asia as a representative brand of Japan Tobacco. It has the brand equity in harmony with “Mild” taste and fortunate “Seven(7)”

3M : “3M” means “Minnesota Mining Manufacture” originally. They intended to use a family brand strategy by attaching their company name “3M” to all of their products. They used this family brand strategy when they could not assure themselves that attaching individual brand would provide further differentiated value to customers.

IV. Alpha-Numeric Brand Naming

4-1. Definition of Alpha-Numeric Brand

Brand names with numeric components have been referred to as alpha-numeric brand names, but since this area has received little attention, the phrase "alpha-numeric brand name" is not well defined.

Alpha-numeric brand name is defined as a brand name which contains numbers in digit form or in written form. For example, "Hi-5" or "Hi-five" is also an alpha-numeric brand. This means that alpha-numeric brand names include referential or nonsense mixtures of letters and digits(e.g., SM 5), mixture of words and digits(e.g., 2000 Focus), or any of the preceding where the figure is written out in word form(e.g., Jong-ro the First Avenue). And alpha-numeric brand names also include the product designations where the numeric component means a particular model which is identified by the consumer. For example, the brand name Volvo C70, Volvo S80, C70 and S80 means merely a model designation. The word "brand name" is generally utilized in referring to a word that is used to identify a product. Therefore, Volvo C70 and Volvo S80 are two different alpha-numeric brand names.

4-2. Why We Choose Alpha-Numeric Brand Name?

Alpha-numeric brand naming strategy is an effective strategy to avoid legal appeal about registered trademarks. There are over 700,000 trademarks registered with the U.S. Patent and Trademark Office and several million more unregistered but still in use (Hemnes, 1987). Consequently, the applicant's initial choice for a brand name is often already taken. One solution to this problem is to develop a "fanciful" brand name such as Exxon, Kodak, Chanel No.5. In addition to the probability that fanciful brand names will not already be in use or registered, the courts have ruled that, of all types of brand names, fanciful brand names are the most protectable (Hemnes, 1987; Cohen, 1986).

Given that consumers may form inferential beliefs in products based on the brand name, that brand names may provide added value to a product, that current legal conditions support the development of fanciful brand names, that one obvious source of fanciful brand names is alpha-numeric brand names, and that numbers may have emotive value of their own (Colins 1977), it is worth asking what sorts of inferences consumers draw from alpha-numeric brand names.

A firm may avoid this problem with developing a new brand

name by opting instead to extend an existing brand name. Aaker and Keller(1990) found that established beliefs about existing brands may work for or against a product, but that in general consumer expectations were more positive if the new product class were seen as a complement to the original product class. (e.g., extending the brand name "Crest" to a mouthwash).

Alpha-numeric brand name is one of the best brand extension strategy as a complement to the original brand.

4-3. Strategic Factors

There are two main factors for brand extensions.

One important factor is to maintain the brand equity which is already established by using the established brand name. Actually many world-class enterprises want to benefit from their brand equities which are established long years ago.

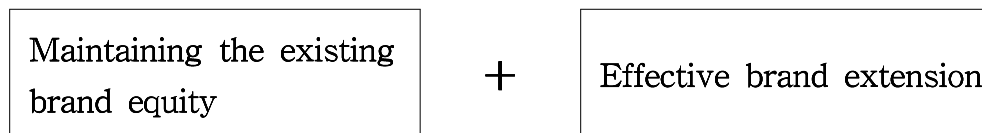
Therefore, in applying brand extension strategy, the risk of diluting existing parent brand name has been the focus of research to date, and also there could be equally important risks of dilution at the individual product level. ¹¹⁾

11) John, Deborah Roedder, Barbara Loken and Christoher. "The Negative Impact of Extensions: Can Flagship Products be Diluted?," *Journal of Marketing* Vol.62, Jan. 1998: 19-32.

The other factor is to build and expand the brand equity by using the more effective brand extension strategy to meet consumer's awareness and purchase needs.

This factor can be applicable to the brand extension by using alpha-numeric brand more effectively.

<Figure 3> Brand Equity and Brand Extension



Especially, the numeric concept of alpha-numeric brand is added and combined to the product concept of the existing brand. For example, the customers through brand number and sequence can classify one of family brand into old or new model and low or high class.(e.g., Lincoln Mark VII, Mark VIII)

Some of the benefits of alpha-numeric brands are as follows:

- It delivers the information fast
- Read rapidly
- The meaning can be expressed briefly and strongly

- Easy to remember
- Easy to be differentiated and difficult to imitate

The relationship between the image of numeric and customer's belief is an important factor in alpha-numeric brand naming.

<Table 5> The Image of Numeric and Customer's Belief

Positive Image	Negative Image
State-of-the-art technology	Cold and non-humanism
The attribute, ingredient	Complicated and difficult
Functional	Not easy to understand
Research and quality	Not feminine
Scientific	Not sentimental
Rationale	
Masculine	

Product category is another factor of alpha-numeric brand naming. Suitable and non-suitable product categories are shown in Table 6:

<Table 6> Suitability of Alpha-Numeric Brand

Suitable Product	Non-Suitable Product
Functional Product	Sentimental Product
Complicated Product	Simple Product
High-tech Product	Human Product
Contemporary Product	Traditional Product
Product focusing future	Relational Product
Formal Product	Entertainment Product
Masculine Product	Feminine Product
Cold Product	Warm Product

4-4. Research Focus

This research is aimed to explore certain notions about alpha-numeric brand names and focused on the alpha-numeric brand of recently popular cars.

What makes car marketers use alpha-numeric brand? What advantages does alpha-numeric brand have?

Table 7 shows some of the examples of alpha-numeric brand name used in the U.S auto market.

<Table 7> Examples of Alpha-Numeric Car Brand

Maker	Model(Brand) (1)	No. of (1)	Others	Total	% of (1)
Audi	A6, A6 Avant, A8,200,V8	5	1	6	83%
BMW	5-series, 5-series wagon 7-series, 3-,6-,8-series	6	3	9	67%
Infiniti	Q45, J30	2	0	2	100%
Jaguar	XK8, XJ8	2	2	4	50%
Cadillac		0	3	3	0%
Lexus	GS300/400, LS400, SC300/400	5	0	5	100%
Lincoln	Mark VII, Mark VIII	2	3	5	40%
Mercedes -Benz	190,260,300,350,400,420,500, 560	8	7	15	53%
Saab	9-5, 9-5 wagon, 900, 9000	4	0	4	100%

Source: *Microsoft Carpoint* (<http://www.carpaint.com>)

Table 8 shows analysis of the frequency of use of alpha-numeric brand name in the U.S. market. As this shows, luxury cars have the highest frequency of alpha-numeric brand and sports cars do the second highest.

**<Table 8> Analysis of Number of Alpha-numeric
Brand Name by Class**

Class	Number of alpha-numeric brand (1)	Others	Total	% of (1)
Luxury Cars	43	25	68	63.2%
Passenger Cars	42	206	248	16.9%
Sport Cars	29	30	59	49.2%
Small Cars	5	36	41	12.1%
Total	119	297	416	28.6%

In comparison with other cars, one characteristic of alpha-numeric brand of sports car is that numbers often precede alphabet such as 550 Maranello and 512 TR.

The above results indicate the following:

1. The customers of luxury or sports cars are susceptible to changes in fashion.
2. The marketing strategy to express the high quality and technology improvement using alpha-numeric is effective.









4-5. Case Study of Alpha-Numeric Brand Naming in the Car Industry

4-5-1. The Sonata Myth

In a business research on brand equity of eight Korean-made cars, Hyundai's Sonata was evaluated to have the highest brand value worth 282,610 million won as shown in Table 9.

<Table 9> Brand Equity in the Korean Car Market

(Uk Won)

Brand	Brand Value
Sonata II, III	 2,826.1
Leganza	 1722.2
Avante	 1596.1
Credos	 1453.4
Nubira	 1075.9
Sephia	 728.9
SM5	 565.1 (Launched in 1998)
Tiburon	 103.3

Source : *Weekly Mae-Kyeong*, 8 July, 1998.

Sonata appealed to customers focusing its marketing strategy mainly on its new brand image as an elegant midsize sedan equipped with stereo allowing its customers to feel as if they were thrown into a cozy concert hall and appreciating a Sonata of a chamber orchestra.

" Sedan — which buoy up Korea with the unique name value

Sedan — which is lighted up by the quality much more "

In the beginning, Sonata with the image of refinement and noise-suppressed silence was very successful in the market. However, Hyundai Motors soon faced the critical challenges from Daewoo's Prince and Kia's Credos. Especially Kia Motors' strategy of launching Credos into the midsize car market with huge investment(more than 350 million dollars) has made Hyundai realize the urgent need of new brand.

Hyundai had to keep by any means the high brand equity of Sonata and the image as a leading brand. And it was known that in those times Hyundai's project for new models was still on

the sketchy side.

So what kind of marketing strategy should they implement to survive the difficult situation?

The solution was the introduction of alpha-numeric name as brand extension strategy. It was the appearance of the upgraded sedan, Sonata II, elevating the reputation of the preceding Sonata.

This was a very brilliant strategy that brought its customers an identical and unified feeling. And it satisfied not only its present customers who expected a new model, but also its potential ones who were deeply inscribed with the image of the Sonata brand.

Furthermore, the new serial brand Sonata II, starting with the previous brand name Sonata, also could assure new customers of its quality which has been recognized long enough in the market.

Therefore, the success of Sonata II brought Sonata brand series. As a result, Hyundai Motors could significantly reduce marketing expenses in developing a new brand.

However, as time went by, despite the successful sales of Sonata II, there was an increased expectation of fresh brand and

the problem concerning product life cycle started to arise. And the meaning of Roman "II" itself appeared to be the copy or continuation of the original brand. Therefore, another strategy for launching new brand in the market as well as a marketing strategy with new slogan was needed. In the meantime, Kia Motors also put Cremos II, alpha-numeric brand, in the market and started marketing strategy using alpha-numeric brand name. Although this seemed to be an imitation of Hyundai's alpha-numeric brand strategy, it also meant another competition of alpha-numeric brand name in the market.

At last Hyundai's Sonata III, a new alpha-numeric brand, was launched, attracting customers as a further refined brand, up-graded from II to III and accordingly differentiated, but maintaining the past image, while Kia Motors was in the beginning stage of marketing Cremos II and Daewoo Motors was giving their devotions to its new brand, Leganza. Therefore the launching of Hyundai's Sonata III was a timely and outstanding strategy.

The slogan of Sonata III was one of the most successful strategy ever to maximize the strength of the alpha-numeric brand naming.

「Sonata,

*Outstanding and unshakable on its firm ground as the best
midsize sedan in Korea,*

Invites you to its third mystic stage with the name of Sonata III.

Spacy instrumentation and elaborate mechanism,

Profound depth of classic and modernistic tempo...

Sonata III,

*Melting progressive philosophy of the leading midsize sedan
in it,*

Beauty that's built in — Sonata III」

The original copyright of this is as follows ;

「한국 최고의 중형세단의 자리를 굳건히 지켜온

시대의 명차 소나타

그 소나타가 소나타Ⅲ의 이름으로 세 번째 신화의 장을 펼치고
있습니다.

넉넉하게 연출되고 공간과 섬세한 메카니즘

클래식의 깊이와 모더니즘의 템포가 어우러진

시대를 선도하는 중형세단의 진보주의 철학이 녹아있는

소나타Ⅲ—

명품의 완성 — 소나타 III 」

**<Figure 4> Sonata III's Car Concept
- Completion of Masterpiece**



Sonata continues to lead the market since the launching of this brand marketing strategy. In the meantime, a rumor, gradually believed to be an auspicious sign, was spreading in the market that the emblem “S” and “Ⅲ” of Sonata III could bring a good luck to students for college entrance exam and would get more than 300 points enough to enter Seoul National University.

Therefore, it is clear that alpha-numeric brand was leading the Korean car market in the 1990s, and which was supported by the success of the alpha-numeric brand series, Sonata II and Sonata III and their highest brand equity. To sum it up, through

employing alpha-numeric brand naming strategy such as Sonata II and III, Hyundai Motors employing the existing brand image of good quality benefited from cost reduction such as the R&D and advertising cost for new products and also could keep its leads as it brought the upgraded model names to the market earlier than other competitors.

However, there are some points to pay attention to.

As shown in Sonata II, roman numeric is generally recognized as a sequel or imitation, for instance, in the movies such as Robocop II, Star Wars II, etc. In contrast, the arabic number 2 is very different from the roman numeric II. The Korean cigarette brand GET 2 has its own meaning of a couple of benefits(low tar and high quality), not the meaning of sequel.

There is no doubt that Sonata III is a remarkable alpha-numeric brand itself. However, it is also considered that the numeric brand extension will be continued as sequels as II, III, and more. In the Asian market, number 4 or IV conceives a very dangerous meaning. Number 4 is generally regarded as a taboo in most Asian countries because the number sounds like "SA(死)", which means death in Chinese. Therefore, it will be difficult to

keep its numeric extension to number IV despite the success of Sonata III. In reality, Hyundai Motors put a new brand, Sonata EF, instead of Sonata IV, in the market. In employing alpha-numeric brand strategy such a sequential numbers should be considered in relation to next extension.

4-5-2. The Advent of SM 5

Although there has been a lot of controversies, Samsung Motors entered the automobile market with its first brand SM 5. All the possible brand names through a public contest were thoroughly reviewed and, SM 5 was finally determined by a systematic marketing research by Jae-il Planning, an affiliate of the Samsung Group.

This brand was estimated to have 57.3 billion won in brand value when it showed up in the market, according to a study in May, 1998. ¹²⁾

The brand, SM 5, named after "S" and "M" from "Samsung Motors" with the number "5" has finally come to the market as the first parent numeric brand in the Korean car market.

12) *Weekly Mae-Kyong*, *op.cit.*: 30.

"SM" has a tender sound, "es-em" in terms of phonetics and also starts with a very familiar initial, "S", which is employed by many brands. For instance, many world famous companies have employed the initial "S", such as the electronic giant, Sony, car maker, Saab, and Korean brand, SK. Sony which was named after a Latino Sonos(meaning "sound") by a small electronic company in 1953 has become one of the biggest electronic companies after changing its name to Sony in 1958. (Sony's brand equity in 1997 was \$14.5 billion and ranked the sixth in the world.)

Then, what is the meaning of number "5" as the main component of the alpha-numeric brand? Samsung Motors has thoroughly analyzed the following factors:

- The trend of current automobile brand
- Strength and weakness in employing alpha-numeric brand
- Using the landmark brand strategy as a car manufacturer starting lately in the automobile market

First, alpha-numeric brand leads the trend of brand strategies in the current market. As described earlier, it is not difficult to find the alpha-numeric strategy used in the Korean market as we

can see in the cases of Sepia II and Credos II after the success of Sonata Series.

Second, as shown in Sonata alpha-numeric brand series, there are weak points like the imitation of easy strategy (e.g. Credos II after the success of Sonata II) and its limit for sequential naming. (e.g. consumers' dislike of Sonata IV following Sonata III.

If so, what would be the strategy to compensate such limitation of the alpha-numeric brand? The answer is number "5". Number 5 locates in the middle of 0 to 9 and conveys the meaning of "center". For example, BMW's 5-Series have a series of brand BMW 528i, 540iA and 540i as midsize 4-door sedan.

Samsung Motors, entered the midsize sedan market first and tried to give the luxurious image to the consumers.

And they launched SM 520, SM 525, SM 528, SM 525V as SM 5-Series. From the beginning, Samsung Motors chose the SM 5 with the intention to challenge the luxury sedan as well as midsize and compact cars.

This strategy is similar to BMW Series. (BMW 7-Series is preparing for the year 2000 with its brand concept of "BMW's flagship luxury sedan." BMW 3-Series came out earlier than

5-series and tried to penetrate into the mid and low priced segment.) But, SM Series is an advanced strategy. Because of the luxury and midsize image of the SM 5-Series, the next compact car series can benefit from the spillover effect.

<Figure 5> SM 5's Concept

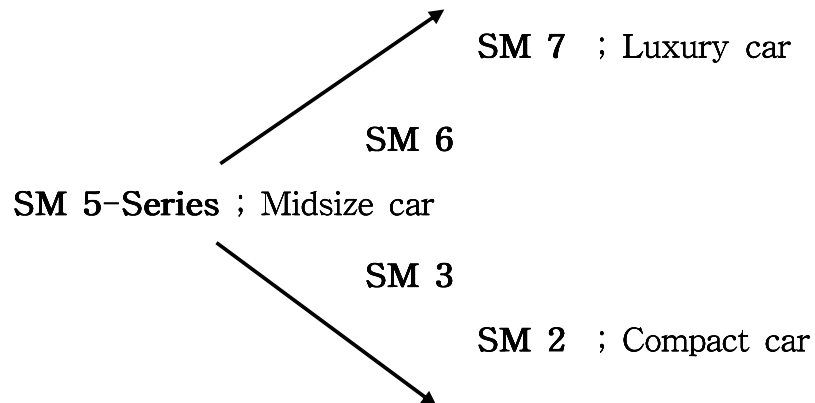


Therefore, the brand naming strategy of SM 5-Series as alpha-numeric brand strategy can be summarized as Figure 6 shows.

The SM 5-Series alpha-numeric brand as future brand extension, came into the market successfully. SM 5 is not the extension brand of "SM" but was named SM 5 from the beginning for the easier brand extension. The brand naming

strategy of this SM 5 is very systematic and could usher a new era in brand naming.

<Figure 6> Brand Extension of SM 5-Series



This research on SM 5-Series indicates the followings:

- The existing concept of alpha numeric brand is generally modifier-type and concentrated on the technical characteristics(e.g., the "350" of "Mercedes-Benz G-350" means 350 hp). However, the numeric "5" of SM 5 means midsize sedan and plays the same role as the other syllables of "SM 5".
- The existing alpha-numeric brand had been used to extend the alphabetic brand(e.g. AUDI A3, AUDI A4 etc.), but the SM 5 brand with the original concept opened the eyes about

the potential of alpha-numeric brand.

Despite the excellent brand strategy, the new SM 5 brand became the target of company restructuring policy after the IMF crisis. Therefore, we would not be able to see the sales performance of the SM 5 brand as alpha-numeric brand in the market.

V. Conclusion

5-1. Summary

Brand extension strategy has been the core of strategic growth for a variety of firms in the last decades. Because the batting average of new products are not very reassuring, the use of an established brand name and the extension can substantially reduce the initial investment and increase the probability of success.

However, the extension can damage the original brand equity by weakening the existing associations or adding new undesired ones. The dilemma of brand extension is the risk of diluting the meaning of the existing brand and of being inconsistent with the brand image. Another dilemma is the budget constraint concerning brand extension expenditure.

To avoid these dilemmas, alpha-numeric brand naming can be a new alternative. The main reasons for the increase of alpha-numeric brands are the onward march of technology, greater identification of market segments and relatively short product life cycles.

From the researcher's viewpoint, alpha-numeric brand naming can be effectively employed especially in technology oriented products such as automobiles. Without diluting the image of the existing brand, the numeric as a modifier (especially suffix modifier) or as a factor of independent brand extension can give consumers an image of technological development and simplicity of the products. In the car market, many car brands are actually following such a trend.

This research has examined two successful cases of alpha-numeric brand naming strategy.

First, through employing brand extension strategy such as Sonata II and III, Hyundai Motors benefited from cost reduction in the field of R&D and advertising for new products and also could keep its leads as it brought the upgraded model names to the market earlier than other competitors.

Second, SM 5 was appreciated as a brand applying the alpha-numeric brand when Samsung Motors initially entered the car industry. SM 5 was born by connecting the meaning of center, numeric 5, with the image of mid-sized car, and named

from the initials of Samsung Motors to show its corporate image.

Later, as a strategy to transform the image of midsize car brand of SM 5, it is expected to bring a SM 3-Series to the market as a compact car brand. And SM 5 is the basis of the brand extension to the luxury car brand such as SM 6-Series, SM 7-Series, etc.

5-2. Implications

Alpha-numeric brand naming as brand extension strategy is certainly an attractive complementary strategy covering the pitfalls of the current brand extension strategy. Especially the strategy is used more frequently in the technology-intensive and fast-upgrading products such as automobiles.

The major implications of the case studies are as follows.

- It proved to be effective employing alpha-numeric brand when the high-tech products are launched in competitive markets as shown in the case of Sonata III.
- SM 5's first launching of alpha-numeric brand offered wide latitude for brand extension and it placed its current numeric

status as brand modifier-type to the identical status with alphabet.

In contrast, negative implication follows below.

- There were limitations that Sonata II might convey the image of copycat and that Sonata III could not be extended to Sonata IV as a alpha-numeric brand naming strategy, but only had to use a different way of brand extension, namely, Sonata EF.
- Despite the brand's excellence(alpha-numeric brand or others), unless there is considerable company support for it, the brand will not be successful.

5-3. Limitation and Future Research Direction

It is difficult to generalize characteristics of alpha-numeric brand only through a number of cases in the Korean market. It is also true that studies on alpha-numeric brand have not been performed widely yet and accordingly created difficulties in preparing this research.

Later on, as various studies in this field along with many

cases of alpha-numeric brand naming of companies are cumulated, the alpha-numeric brand's strategic value will be uncovered more specifically.

Despite many limitations, the field of this research will be more developed when comprehensive alpha-numeric brand naming study is conducted through the theoretical research considering adjacent science fields with systematic approach and empirical research such as consumer awareness and reaction.

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