

What is more, a strong brand may constitute an enabling platform for new products or services in the course of brand extensions, line extensions<sup>193</sup> and other strategic options such as new distribution channels or new geographic markets.<sup>194</sup>

Like for proprietors, risk reduction is one of the central brand functions from a customer's point of view. As set out above, the information a brand conveys and experiences consumers have with the brand build a specific brand image in consumers' minds. As buying decisions are generally made on the basis of incomplete information, a positive experience and therefore a favourable brand image raise the likelihood of repurchase considerably. Strong brands can therefore significantly facilitate and accelerate the decision making process and thereby lower transaction cost.<sup>195</sup> This reduced complexity provides orientation and lowers risk of buying something unknown or unwanted. The certitude and trust a strong brand conveys do not only reduce this functional risk (related to performance) but also economic risk (linked to price), experiential or social risk (related to customers' experience with the product or their social image respectively).<sup>196</sup> Due to such risk perceived by customers, the offeror needs to build trust within the target audience. The main instrument for achieving this is a strong brand.<sup>197</sup> Closely linked to experiential risk is the issue of quality. As every brand conveys a certain statement with respect to the quality of the marked product or service, brands can, if they are experienced positively by customers, function as a quality guarantee and orientation in this regard (so-called warranty function).

p. 22. Note that currently only the two strongest consumer goods brands are able to keep or increase their market share; others lose market share to store brands, cf. *Esch/Wicke/Rempel*, Herausforderungen und Aufgaben des Markenmanagements, p. 12.

193 For an explanation of these terms cf. fn. 182.

194 *Kaufmann/Sattler/Völckner*, Markenstrategische Optionen, pp. 2 et seq.

195 *Bamert*, Markenwert, p. 47.

196 *Kapferer*, The new strategic brand management: creating and sustaining brand equity long term, p. 11.

197 *Eva Wellendorff* of *Schmuckmanufaktur Wellendorff* in Pforzheim, Germany, in 2001: "Eine unverwechselbare Marke gibt dem Kunden Sicherheit." ('A unique brand gives the customer certainty.'). cf. <http://www.gem-online.de/markendefinitionen/index.php?id=16&keyword=> (last accessed July 11, 2006). *Karl Popp*, then president of the Austrian branded goods association, similarly said in 1997: "In einer immer unsicherer werdenden Welt bietet die Marke das, was die Menschen sich wünschen: Sicherheit – Vertrauen – Qualität." ('In a world becoming increasingly insecure, the brand offers what people wish for: Certainty – trust – quality.'). cf. <http://www.gem-online.de/markendefinitionen/index.php?id=12&keyword=> (last accessed July 11, 2006).