BRAND MANAGEMENT

BLOCK 1:
BASICS OF BRAND
MANAGEMENT

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BRAND MANAGEMENT

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ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self-instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual-skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self-instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

PREFACE

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

BRAND MANAGEMENT

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PGDM-201

BRAND MANAGEMENT

BLOCK 1: BASICS OF BRAND MANAGEMENT

BLOCK 1:   BASICS OF BRAND MANAGEMENT

Block Introduction

The study of brand can never be underestimated .The study of brand should always be given priority as this will help us in improving the product and will build a better brand image of the product in the market.

In this block the whole content hasbeen divided into three units. Unit 1 discusses about the market and brand basics, Unit 2 discusses about brand evolution and value of brands whereas unit 3 discusses about the brand and the consumer. In unit 1 the topics covered are various competitive forces in market, the competitive strategies for Market Leaders, Basics of Branding, Definitions of Brands, the characteristics of a Brand, Brands and Products, Establishing a Brand, Benefits of a Strong Brand, The 3 Cs of Branding, Important factors about Branding. In Unit 2 the sub topics covered are understanding of brand evolution, understanding of the branding process, Value of Brands, The Importance of Brand Planning, Issues Influencing Brand Potential, Eight Dimensions of Brands. In Unit 3 the sub topics covered are, Why it is Important to create Powerful Brands, The Nature of Relationships with Customers, The Organization's Marketing Assets, The Importance of a Brand, The Brand –Customer Relationship, The Consumer Mindset.

This block is going to be of great help for the readers of management who wish to build their career in this field and want to be an entrepreneur of future.

Block Objective

After learning this block, you will be able to understand:

- Market Environment

- Competitive Forces Prevailing in the market.

- Competitive Strategies for leaders in market.

- Brands, its importance and characterstics.

- Difference between brand and product.

- Benefits of a Brand.

| Basics of Brand Management | •   3 Cs of Branding |
| | •   Process and planning of branding. |

Block Structure

Unit 1:   **The Market and Brand Basics**

Unit 2:   **Brand Evolution and Value of Brands**

Unit 3:   **The Brand & the Consumer**

UNIT 1:   THE MARKET AND BRAND BASICS

Unit Structure

1.0   Learning Objectives

After learning this unit, you will be able to understand:

- The Meaning and Importance of Market Environment

- How important are Competitive Forces in the Market?

- What are the Competitive Strategies for Market Leaders?

- What are the basics of Brands?

- What are the definitions of Brands?

- Introduction to Brands

- Importance and Characteristics of Brands

- What are Brands and Products?

- How to Establish a Brand?

- What are the Benefits of a Brand?

- What are the 3 Cs of Branding?

- Important factors about Branding

1.1   Introduction

It has never been clearer that in this shrinking world, countries and regions and cities have to compete with each other – for tourism, for inward investment, for aid, for membership of the supranational groups, for buyers of their products and services, for talent. So there's hardly a place left that isn't thinking hard about its brand image, and most are in need of clear, realistic strategies for communicating and promoting themselves, their culture, their exports, their acts of policy and their contribution to the global community.

Which consultants or agencies will ultimately lead the field in managing and promoting these hugely complex and often contradictory mega brands. Is promoting a country more about policy, management consultancy, public relations, marketing, CRM, advertising or brand strategy? Or is it a combination of everything that working with companies has taught us in the last fifty years?

A strong brand is the most valuable asset of many successful companies. Brands are assets because, when properly managed, they provide a secure stream of income for the business. But what about your own brand, is it delivering its full value?

As you work to unlock the potential of your own brand you are facing a wide range of brand management issues. You are probably asking questions such as:

- What are we trying to achieve?

- Who should be involved?

- How do we manage this?

- What are the tools and techniques to use?

Here you can read about successful brand management and what worked for other brands in different situations. You can learn the principles and practices of successful brand management – and you can unlock the potential of your brand and apply proven tools and techniques. Here you are provided with proven tools and techniques - and a complete brand management process - to help you unlock the value of your brand.

1.2 Competitive Forces in the Market

Effective marketing requires a keen understanding of the macro and microenvironment, customers and competitors. Competition is becoming intense with every passing year. Companies need to balance their customer and competitor orientation in order to be successful in the fast changing environment.

Levi Strauss saw its US sales drop from a peak of $7.1 billion in 1996 to around $4 billion in 2003 largely due to fierce competition. Its jeans brands, exemplified by the classic 501, were being hit from all sides: above from trendy, high-end designer lines such as Calvin Klein, Tommy Hilfiger and GAP; below from popular, lower-priced private labels such as J C Penny's Arizona, and Sears' Canyon River Blues; from one side by traditional, entrenched brands such as Wranglers and urban Lee's; and from the other side by hip, youthful lines such as American Eagle, Bugle Boy, JNCO, Lucky and Diesel. To better compete, Levi's introduced the Signature line to be sold at discount stores such as Wal-Mart and the more expensive Premium Red Tab line to be sold at upscale department stores such as Nordstorm and Neiman Marcus. Many marketing experts wondered, however, if it was too little too late and if the brand would ever reclaim its lofty position. In India, however, the brand Levi's is on the upswing, having reached its number one position as the most admired jeanwear brand at the Lycra Images fashion Awards in 2006.

To effectively devise and implement the best possible brand positioning strategies, companies must pay keen attention to their competitors. Markets have become too competitive to just focus on customer alone.

Competitive Forces

Michael Porter has identified 5 forces that determine the intrinsic log-run attractiveness of a market or market segment:

- **Threat of intense segment rivalry:** A segment is unattractive if it already contains numerous, strong or aggressive competitors. It is even more unattractive if it is stable or declining, if plant capacity additions are done in large increments, if fixed costs are high, if exit barriers are high, or if competitors have high stakes in staying in the segment. These conditions will lead to frequent price wars, advertising battles and new- product introductions and will make it expensive to compete. The cellular phone market has seen fierce competition due to segment rivalry.

- **Threat of new entrants:** A segment's attractiveness varies with the height of its entry and exit barriers. The most attractive segment is one in which entry barriers are high and exit barriers are low. Few new firms can enter the industry and poor performing firm's can easily exit. When both entry and exit barriers are high, profit potential is high but firm's face more risk because poorer-performing firms stay in and fight it out. When both entry and exit barriers are low, firms easily enter and exit the industry, and the returns are stable and low. The worst case is when entry barriers are low and exit barriers are high: here firms enter during good times but find it hard to leave during bad times. The result is chronic overcapacity and depressed earnings for all. The airline industry has low entry barriers but high exit barriers, leaving all the companies struggling during economic downturns.

- **Threat of substitute products:** A segment is unattractive if there are actual or potential substitutes for the product. Substitutes place a limit on prices and on profits. The company has to monitor price trends closely. If technology advances or competition increases in these substitute industries, prices and profits in this segment are likely to fall. The arrival and growth of budget airlines in India has already seen a revision in railway fares and amenities.

- **Threat of buyers' growing bargaining power:** A segment is unattractive if buyers possess strong or growing purchasing power. The rise of retail giants such as Wal-Mart, Food World has lead some analysts that potential profitability of packaged–goods companies will become curtailed. Buyers' bargaining power grows when they become more concentrated or organized, when the product represents a significant fraction of the buyers' costs, when the product is undifferentiated, when the buyers' switching costs are low, when buyers are price-sensitive because of low profits or when buyers can integrate upstream. To protect themselves, sellers might select buyers who

have the least power to negotiate or switch suppliers. A better defense consists of developing superior offers that strong buyers cannot refuse.

- **Threat of suppliers' growing bargaining power:** A segment is unattractive if the company's suppliers are able to raise prices or reduce quantity supplied. Oil Companies such as ExxonMobil, Shell, BP, Indian Oil, Bharat Petroleum and Chevron-Texaco are at the mercy of the amount of oil reserves and the actions of oil supplying cartels like OPEC. Suppliers tend to be powerful when they are concentrated or organized, when there are few substitutes, when the supplied product is an important input, when the costs of switching suppliers are high, and when the suppliers can integrate downstream. The best defenses are to build win-win relations with suppliers or use multiple supply sources.

Identifying Competitors

A simplistic way of identifying competition is that Unilever competes with Procter & Gamble, Sony in India with LG, Onida, BPL and so on. However the range of a company's actual and potential competitors in reality is much broader. A soft drink company competes with other liquids and thirst-drink quenchers for customers' throat-share; a TV company competes with ideas like vacation for the family or other gifts for loved ones for a share of customers' discretionary income. Also a company is more likely to be hurt by emerging competitors' or new technologies than by current competitors.

- **Industry Concept of Competition**

What exactly is an industry? An industry is a group of firm's that offer a product or class of products that are close substitutes for one another. Industries are classified according to the number of sellers; degree of product differentiation; presence or absence of entry, mobility and exit barriers; cost structure; degree of vertical integration and degree of globalization.

- **Market Concept of Competition**

Competitor's are companies that satisfy the same customer need. For instance, a customer who buys a word-processing package really wants "writing ability" – a need that can also be satisfied by pens, pencils, or typewriters. Marketers must overcome "marketing myopia" and stop defining competition in traditional category terms. Coca-Cola focused on its soft-drink business, missed seeing the market for coffee bars and fresh juice-bars that eventually impinged on its soft-drink business.

The market concept of competition reveals a broader set of actual and potential competitors.

- **Analyzing Competitors**

Once accompany identifies its primary competitors, it must ascertain their strategies, objectives, strengths and weaknesses.

Check your progress 1

1. _____saw its US sales drop from a peak of $7.1 billion in 1996 to around $4 billion in 2003 largely due to fierce competition.

   a. Pepe

   b. Levi Strauss

2. A _____is unattractive if it already contains numerous, strong or aggressive competitors.

   a. segment

   b. fragment

1.3   Competitive Strategies for Market Leaders

We can gain insight by classifying firms by the roles they play in the target market: leader, challenger, follower or nicher. Forty percent of the market is in the hands of a market leader; another 30 percent is in the hands of a market challenger; another 20 percent is in the hands of a market follower; a firm that is willing to maintain its market share and not rock the boat. The remaining 10 percent is in the hands of market nichers, firm's that serve small market segments not being served by larger firms.

Many industries contain one firm that is the acknowledged market leader, that has the largest market share in the relevant product market, and usually leads the firms in price changes, new-product introductions, distribution coverage and promotional intensity. Some well-known market leaders are Microsoft (computer software), Intel (microprocessors), Gillette (razor blades), LG (consumer electronics in India) and Visa (credit cards).

- **Expanding the total market**

The dominant firm gains the most when the total market expands. For expanding the total market, the market leader should look for new users, uses and usage of its products.

- **Defending the market share**

While trying to expand the size of the market, the dominant firm must continuously defend its current business. In the Indian context, with the opening up of the economy, the challenge comes from both the domestic and foreign competitors.

What can the market leader do to defend its terrain? The most constructive response is continuous innovation. The leader leads the industry in developing new product and customer services, distribution effectiveness, and cost cutting. It keeps increasing its competitive strength and value to customers. Consider how caterpillar has become dominant in the construction-equipment industry despite charging a premium price and being challenged by a number of able competitors including John Deere, J I Case, Komatsu and Hitachi. Sony, on the other hand, exemplifies creative marketing, having introduced many successful new products that customers never asked for or even thought were possible: Walkmans, VCRs, video cameras, CDs. Sony is market-driving firm, not just a market-driven firm.

- **Expanding the market share**

Market leaders can improve their profitability by increasing their market share. This lead to marketing warfare.

- **Other competitive Strategies**

Other competitive strategies could be Market-Challenger Strategies, Market-follower Strategies, and Market-Nicher Strategies.

- **Balancing Customer and Competitor Orientations**

So far you have seen a stress on the importance of a company's positioning itself competitively as a market leader, challenger, follower or niche. Yet accompany must not spend all its time focusing on competitors.

The customer-centric companies are in a better position to identify new opportunities and seta new course that promises to deliver long-run profits. By monitoring customer needs, it can decide which customer groups and emerging needs are most important to serve, given its resources and objectives.

Jeff Bezos, founder of Amazon.com, strongly favors a customer-centeredorientation: "Amazon.com's mantra has been that we are going to obsess over our customers and not our competitors. We watch our competitors, learn from them, see the things that they (were doing for customers) and copy those things as much as we can. But we are never going to obsess over them".

Check your progress 2

1. Many industries contain one firm that is the acknowledged market

   _____

   a. leader

   b. bankrupt

2. What can the market leader do to defend its terrain? The most constructive response is continuous _____

   a. Efforts

   b. innovation

1.4 Basics of Branding

Why has branding gained so much importance in the past few years? Why are companies spending lavishly on branding their product?

Tracing the History of Branding

The word "brand", when used as a noun, can refer to a company name, a product name, or a unique identifier such as a logo or trademark. In a time before fences were used in ranching to keep one's cattle separate from other people's cattle, ranch owner's branded, or marked, their cattle so they could later identify their herd as their own.

The concept of branding also developed through the practices of craftsmen who wanted to place a mark or identifier on their work without detracting from the beauty of the piece. These craftsmen used their initials, a symbol, or another unique mark to identify their work and they usually put these marks in a low visibility place on the product.

Today's modern concept of branding grew out of the consumer packaged goods industry and the process of branding has come to include much, much more

than just creating a way to identify a product or company. So we can say that branding today is used to create emotional attachment to products and companies. Branding efforts create a feeling of involvement, a sense of higher quality, and an aura of intangible qualities that surround the brand name, mark, or symbol.

So what exactly is the definition of "brand"? Why do we, as consumers, feel loyal to such brands that the mere sight of their logo has us reaching into our pockets to buy their products? Why do companies such as Coca-Cola, Microsoft, IBM and Disney seem to achieve global marketing success so easily? Why does it seem such an effort for others? Why do we, as consumers, feel loyal to such brands that the mere sight of their logo has us reaching into our pockets to buy their products?

The meaning of brands

Brands are a means of differentiating a company's products and services from those of its competitors. There is plenty of evidence to prove that customers will pay a substantial price premium for a good brand and remain loyal to that brand. It is important, therefore, to understand what brands are and why they are important. Businesses that invest in and sustain leading brands prosper whereas those that fail are left to fight for the lower profits available in commodity markets.
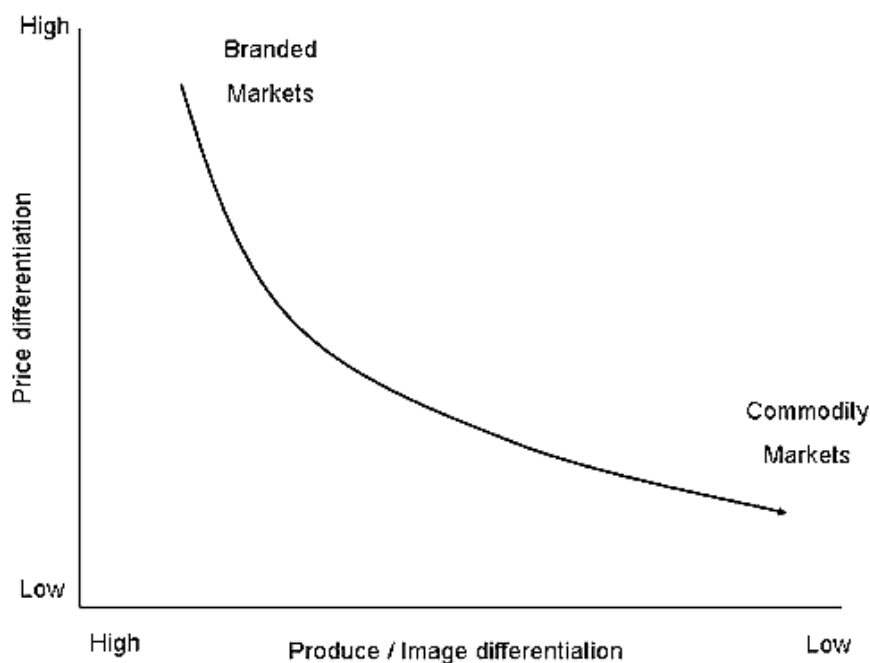
Fig 1.1 Produce / Image differentialion

1.5   Definitions of Brands

What is a brand?

*   "A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant unique added values which match their needs most closely. Further more -its success results from being able to sustain these added values in the face of competition."

*   "A name, term, sign, symbol or design, or a combination of these, that is intended to identify the goods and services of one business or group of businesses and to differentiate them from those of competitors".

*   "A mixture of tangible and intangible attributes symbolized in a trademark, which, if properly managed, creates influence and generates value". – (Interbrand - a leading branding consultancy)

*   A product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need.

-Rational and tangible

-Symbolic, emotional and intangible.

The psychological response to a brand cans be as important as the physiological response.

- "A name, term, sign, symbol or design, or a combination of these, that is intended to identify the goods and services of one business or group of businesses and to differentiate them from those of competitors".

In short, a Brand is a name, term, sign, symbol, design, or some combination that identifies the products of a firm.

The Meaning of Brands

Brands are a means of differentiating a company's products and services from those of its competitors.

There is plenty of evidence to prove that customers will pay a substantial price premium for a good brand and remain loyal to that brand. It is important, therefore, to understand what brands are and why they are important. McDonald sums this up nicely in the following quote emphasizing the importance of brands:

"…it is not factories that make profits, but relationships with customers, and it is company and brand names which secure those relationships"

Businesses that invest in and sustain leading brands prosper whereas those that fail are left to fight for the lower profits available in commodity markets.

Three other important terms relating to brands should be defined at this stage:

It is very important to be clear about the difference between "Brands" and "products".

Brands are rarely developed in isolation. They normally fall within a business' product line or product group.

A product line is a group of brands that are closely related in terms of their functions and the benefits they provide. A good example would be the range of desktop and laptop computers manufactured by Dell.

A product mix relates to the total set of brands marketed by a business. A product mix could, therefore, contain several or many product lines. The width of the product mix can be measured by the number of product lines that a business offers.

Managing brands is a key part of the product strategy of any business, particularly those operating in highly competitive consumer markets.

In its simplest form, a brand is nothing more and nothing less than the promises of value you or your product make. These promises can be implied or explicitly stated, but none-the-less, value of some type is promised.

Brand image is defined as consumers' perceptions as reflected by the associations they hold in their minds when they think of your brand.

Brand awareness is when people recognize your brand as yours.

This does not necessarily mean they prefer your brand (brand preference), attach a high value to, or associate any superior attributes to your brand, it just means they recognize your brand and can identify it under different conditions.

Brand awareness consists of both brand recognition, which is the ability of consumers to confirm that they have previously been exposed to your brand, and brand recall, which reflects the ability of consumers to name your brand when given the product category, category need, or some other similar cue. Aided awareness occurs when you show or read a list of brands and the person expresses familiarity with your brand only after they hear or see it. Top-of-mind awareness occurs when you ask a person to name brands within a product category and your brand pops up first on the list.

When you think about fast foods and Luxury cars, Mc Donald's and Mercedes Benz come to mind? These brands enjoy strong top-of-mind awareness in their respective categories.

Check your progress 4

1. _____are a means of differentiating a company's products and services from those of its competitors.

   a. Brands

   b. Products

2. Brands are rarely developed in _____.

   a. Factory

   b. Isolation.

1.6   What is Branding?

Branding is the business process of managing your trademark portfolio so as to maximize the value of the experiences associated with it, to the benefit of your key stakeholders, especially current and prospective such as:

• Employees

- Customers

- Stock/Share Holders

- Suppliers

- Intermediaries

- Opinion Leaders

- Local Communities

- Purchasers And Licensees

Experts argue as to which stakeholders should be the main focus of the branding process, but this is probably the wrong question as their experiences are all inter-related:

- **Employees** - the more your employees value your brands and understand what to do to build them, the more your customers, suppliers, local communities and opinion leaders will value them. The more attractive your brands are to potential employees, the more they are likely to want to work for you.

- **Customers** - the more your customers value your brand, the more they will buy your products and services, and recommend them to other people. They will also pay a premium for them and make the lives of your employees easier. This, in turn, will enhance the value of your brands to prospective purchasers and licensees. Research has shown that strong brands are more resistant to crises of reputation.

- **Stock/share holders**- strong brands multiply the asset value of your company (90% of the asset value of some major corporations lies in their intellectual property), and assure them that your company has a profitable future. They also allow you to afford to give competitive dividends to your current stock/share holders.

- **Suppliers** - suppliers like to be associated with strong brands as this benefits their own reputation in the eyes of other current or potential customers. You are therefore likely to get better service at a lower total acquisition cost.

- **Intermediaries** - retailers, distributors and wholesalers value strong brands as they improve their own profit margins. They are likely to give you more "air time" and shelf space, thus enhancing further the value of your brands in the eyes of your current and prospective customers.

- **Opinion leaders** - the media, politicians and non-government organizations are more respectful of strong brands.

- **Local communities** - supportive local authorities can make your life easier in many ways, and offer you better deals, if you have prestigious brands. Your local communities provide you with your work force and can be highly disruptive if they perceive you as damaging their environment.

- **Purchasers and licensees** - the question prospective purchasers and licensees ask is "how much more profit can I get for my products and services sold under this brand than under any brand I might build?" Strong brands can be spectacularly valuable.

Check your progress 5

1. _____is the business process of managing your trademark portfolio so as to maximize the value of the experiences associated with it.

   a. Branding

   b. Quality

2. The _____your customers value your brand, the more they will buy your products and services.

   a. more

   b. less

1.7   Characteristics of a Brand

Our definition of a brand adheres to a model which shows the extent to which a product or service can be augmented to provide added value to increasing levels of sophistication. This model, views a brand as consisting of fourlevels:

- Generic

- Expected

- Augmented

- Potential

The generic level is the commodity form that meets the buyer, or user's basic needs, for example the car satisfying transportation need. This is the easiest

aspect for competitors to copy and consequently successful brands have added values over and above this at the expected level.

Within the expected level, the commodity is value engineered to satisfy a specific target's minimum purchase conditions, such as functional capabilities, availability, pricing, etc. As more buyers enter the market and as repeat buying occurs, the brand would evolve through a better matching of resources to meet customers' needs (e.g; enhanced' customer service).

With increased experience, buyers and users become more sophisticated, so the brand would need to be augmented in more refined ways, with added values satisfying non-functional (e.g. emotional) as well as functional needs. For example, promotions might be directed to the user's peer group to reinforce his or her social standing through ownership of the brand.

With even more experience of the brand, and therefore with a greater tendency to be more critical, it is only creativity that limits the extent to which the brand can mature to the potential level. For example, grocery retail buyers once regarded the Nestle confectionery brands as having reached the zenith of the augmented stage. To counter the threat of their brands slipping back to the expected brand, level, and therefore' having to fight on price, Nestle shifted their brands to the potential level by developing software for retailers to manage confectionery shelf space to maximize profitability.

Experienced consumers recognize that competing items are often similar in terms of product formulation and that brand owners are no longer focusing only on rational functional issues, but are addressing the potential level of brands.

We can define Brands according to the following dimensions:

1. Its central organizing thought - defining it for internal & stakeholder use in one sentence

2. Its slogan - defining it for use with customers in one sentence

3. Its personality - what would it be like if it were a human being?

4. Its values - what does it stand for/against?

5. Its tastes/appearance - what does it look like? What does it sound like? What does it like and dislike?

6. Its heritage - what are the stories you tell about how it all came about/what sort of brand it is?

7. Its emotional benefits – how it avoids/reduces pain or increases pleasure

8.   Its hard benefits - the "pencil sell"

Brands need to provide customers with a consistent, compelling experience in order not to confuse them, as confusion leads to doubt. Everyone associated with the brand must understand its key dimensions in order to deliver this consistent experience, and it helps if customers can be given a short slogan, which encapsulates the essence of the brand.

1.   The Essence of the Brand

How are you going to describe the essence of the brand to your colleagues and business partners in one short, memorable, and motivating sentence? What makes it special?

This is the last and hardest stage of the brand definition process. Try to create images of what the brand does, and preferably link it to an eternal value such as friendship, status, belonging, realizing your true self (Maslow's Hierarchy of Needs could be useful here).

The central organizing thought is not the same as the slogan.

The central organizing thought addresses a core customer value whose articulation may make customers uncomfortable or even resentful. The slogan refers to this core customer value but in terms the customer is happy to acknowledge and discuss.

2.   Slogan

How are you going to describe the essence of the brand to your customers in one short, memorable, and motivating sentence?

This should hint at the central organizing thought, without necessarily stating it.

As an example, the central organizing thought of the BMW brand is "competitive achievement", but the slogan is "the ultimate driving machine".

3.   The Personality of the Brand

If the brand were indeed human, what sort of person would it is - jovial, serious, sporty, aristocratic, or cunning? (eg Lalitaji of Surf or the Liril Girl)

4.   The Values of the Brand

What does the brand stand for? What does it believe in? What would it make a stand on?

5.   Tastes/Appearance

What does the brand like? What does it look like? What does it wear? How does it speak?

This will include the iconography of the brand - the icons, the symbols, the trade dress, the typeface, and the look and feel.

6.   Heritage

All great brands have stories about them. Some are favorable, some are less favorable, but all of them work to explain what the brand is all about. Telling stories about the brand is one of the strongest ways of communicating the essence of your brand.

7.   Emotional Benefits

What does the brand do for its customers?

These can usually be classified into:

- Avoids pain

- Reduces pain

- Gives pleasure

8.   Hard Benefits

What does the brand offer its customers in tangible, quantifiable terms?

These are the benefits as in "Features, Advantages and Benefits".

Brand Awareness is Vitally Important

Brand awareness is vitally important for all brands but high brand awareness without an understanding of what sets you apart from the competition does you virtually no good. Many marketers experience confusion on this point.

Strategic awareness occurs when not only does the person recognize your brand, but they also understand the distinctive qualities that make it better than the competition. Strategic awareness occurs when you have differentiated your brand in the mind of your market. This distinction as to why your brand is unique in your category is also referred to as your Unique Selling Proposition or USP. Your USP tells your target market what you do and stand for that is different from all of your competitors.

Brand preference occurs when consumers prefer your brand to competing brands. Brand preference might be considered "the holy grail" of branding because it is the result of consumers knowing your brand, understanding what is

unique about your brand, connecting emotionally with your brand, making a decision that your brand is superior to others for some reason or combination of reasons, and choosing it over competing brands.

You cannot build a strong brand solely through advertising.

Branding is also more than a logo, a color scheme, and a catchy tag line. While these all are important components in branding, they are simply tactical tools that help establish and build the brand.

Three other important terms relating to brands should be defined at this stage:

- **Brand equity**

"Brand equity" refers to the value of a brand. Brand equity is based on the extent to which the brand has high brand loyalty, name awareness, perceived quality and strong product associations. Brand equity also includes other "intangible" assets such as patents, trademarks and channel relationships.

Brand Equity is the sum total of all the different values people attach to the brand, or the holistic value of the brand to its owner as a corporate asset.

Brand equity can include: the monetary value or the amount of additional income expected from a branded product over and above what might be expected from an identical, but unbranded product; the intangible value associated with the product that can not be accounted for by price or features; and the perceived quality attributed to the product independent of its physical features.

A brand is nearly worthless unless it enjoys some equity in the marketplace. Without brand equity, you simply have a commodity product.

- **Brand image**

"Brand image" refers to the set of beliefs that customers hold about a particular brand. These are important to develop well since a negative brand image cans be very difficult to shake off.

- **Brand extension**

"Brand extension" refers to the use of a successful brand name to launch a new or modified product in a new market. Virgin is perhaps the best example of how brand extension can be applied into quite diverse and distinct markets.

Check your progress 6

1. With increased experience, buyers and users become more _____.

   a. Sophisticated

   b. Confusing

2. _____need to provide customers with a consistent, compelling experience in order not to confuse them, as confusion leads to doubt.

   a. Brands

   b. Products

1.8   Brands and Products

Brands are rarely developed in isolation. They normally fall within a business' product line or product group.

A product line is a group of brands that are closely related in terms of their functions and the benefits they provide. A good example would be the range of desktop and laptop computers manufactured by Dell.

A product mix relates to the total set of brands marketed by a business. A product mix could, therefore, contain several or many product lines. The width of the product mix can be measured by the number of product lines that a business offers.

For a good example, visit the web site of Hewlett-Packard ("HP"). HP has a broad product mix that covers many segments of the personal and business computing market. How many separate product lines can you spot from their web site?

Managing brands is a key part of the product strategy of any business, particularly those operating in highly competitive consumer markets.

Check your progress 7

1. Brands are _____developed in isolation

   a. Rarely

   b. Oftenly

1.9   Establishing a Brand

Public relations are the way a strong brand is truly established and advertising is how the brand is maintained. If a brand is successful in making a connection with people and communicating its distinct advantage, people will want to tell others about it and word-of-mouth advertising will develop naturally-not to mention writers in the press will want to write about the brand. Once that type of differentiation is established in the market's mind, advertising can help maintain and shape the brand.

What you need to do in branding is to communicate what the brand distinctively stands for using as few words or images as possible.

So, branding is all about creating singular distinction, strategic awareness, and differentiation in the mind of the target market-not just awareness. When you have been successful, you will start building equity for your brand.

Building a brand

What factors are important in building brand value?

Professor David Jobber identifies seven main factors in building successful brands, as illustrated in the diagram below:

Fig 1.2 Brand Building

Points of Parity

Discussion of strategic awareness, points of singular distinction, and brand equity would not be complete without discussion of brand points of parity. Points of parity are those associations that are often shared by competing brands. Consumers view these associations as being necessary to be considered a legitimate product offering within a given category. Points of parity are necessary for your brand but are not sufficient conditions for brand choice.

For example, Maruti might produce a wonderful new automobile that uses advanced global positioning and sensor technologies that render a driver obsolete by automatically routing the car, adjusting speed for traffic conditions, recognizing and complying with all traffic laws, and delivering passengers and cargo to the proper destination without the need for operator intervention. They have invented the first car with functional autopilot. This is a strong position and unique selling proposition.

However, unless they have fully considered their brand's points of parity with other products in the category, they probably will not meet with success. Consumers might expect that at minimum Maruti's automobile have four wheels with rubber, inflatable tires, be street legal, run on a widely-available fuel source, be able to operate during both night and day in most weather conditions, seat at least two people comfortably with luggage, be able to operate on existing roads and highways, and provide a fair level of personal safely to occupants. If their automobile does not possess these points of parity with competing brands, then it might be too different and might not be seen as a viable choice or a strong brand.

The lesson here is that differentiation and singular distinction are necessary for strong brands, but they do not solely make for a strong brand. Your brand must also measure up well against the competition on expected criteria so as to neutralize those attributes.

Once you have met the points of parity requirement and then you provide a unique selling proposition and hold a strong, defensible position, then you have the makings of a very strong brand.

Something More About Brands

As mentioned earlier, a brand is more than just a word or symbol used to identify products and companies. A brand also stands for the immediate image, emotions, or perceptions people experience when they think of a company or product. A brand represents all the tangible and intangible qualities and aspects of a product or service. A brand represents a collection of feelings and perceptions

about quality, image, lifestyle, and status. It is precisely because brands represent intangible qualities that the term is often hard to define.

Intangible qualities, perceptions, and feelings are often hard to grasp and clearly describe. Brands create a perception in the mind of the customer that there is no other product or service on the market that is quite like yours. A brand promises to deliver value upon which consumers and prospective purchasers can rely to be consistent over long periods of time.

You as a Brand

First of all, you must understand that you are a brand. Your name and who you are is your personal brand. The brand called "you". The issue then is not whether you have a brand; the issue is how well your brand is managed.

Brand Management

If a brand is not effectively managed then a perception can be created in the mind of your market that you do not necessarily desire. Branding is all about perception. Brand management recognizes that your market's perceptions may be different from what you desire while it attempts to shape those perceptions and adjust the branding strategy to ensure the market's perceptions are exactly what you intend.

So, you may now have a better understanding of what a brand is and why awareness about your brand does not necessarily mean your brand enjoys high brand equity in the marketplace. Brand management is all about shaping and managing perceptions.

Check your progress 8

1. _____relations are the way a strong brand is truly established and advertising is how the brand is maintained.

   a. Corporate

   b. Public

2. Professor David Jobber identifies _____main factors in building successful brands.

   a. Seven

   b. Six

1.10   Benefits of a Strong Brand

Here are just a few benefits you will enjoy when you create a strong brand:

- A strong brand influences the buying decision and shapes the ownership experience.

- Branding creates trust and an emotional attachment to your product or company. This attachment then causes your market to make decisions based, at least in part, upon emotion- not necessarily just for logical or intellectual reasons.

- A strong brand can command a premium price and maximize the number of units that can be sold at that premium.

- Branding helps make purchasing decisions easier. In this way, branding delivers a very important benefit. In a commodity market where features and benefits are virtually indistinguishable, a strong brand will help your customers trust you and create a set of expectations about your products without even knowing the specifics of product features.

- Branding will help you "fence off" your customers from the competition and protect your market share while building mind share. Once you have mind share, your customers will automatically think of you first when they think of your product category.

- A brand is something that nobody can take away from you.

Competitors may be able to copy your products, your patents will someday expire, trade secrets will leak to the competition, your proprietary manufacturing plant will eventually become obsolete, but your brand will live on and continue to be uniquely yours. In fact, a strong brand name may be your most valuable asset. Brands help people connect with one another.

- Have you ever witnessed the obvious bond between people using the same brand of product? If a person wearing a Benetton T-shirt finds another person wearing a Benetton product, she will have instant rapport with her and immediately begin talking about their experiences with the brand. How is it that we can feel such a connection with complete strangers? The answer lies in the psychological connection people have with a particular brand.

- A strong brand can make actual product features virtually insignificant. A solid branding strategy communicates a strong, consistent message about the

value of your company. A strong brand helps you sell value and the intangibles that surround your products.

- A strong brand signals that you want to build customer loyalty, not just sell product. A strong branding campaign will also signal that you are serious about marketing and that you intend to be around for a while. A brand impresses your firm's identity upon potential customers, not necessarily to capture an immediate sale but rather to build a lasting impression of you and your products.

- Branding builds name recognition for your company or product.

- A brand will help you articulate your company's values and explain why you are competing in your market.

People do not purchase based upon features and benefits

People do not make rational decisions. They attach to a brand the same way they attach to each other: first emotionally and then logically. Similarly, purchase decisions are made the same way – first instinctively and impulsively and then those decisions are rationalized.

Check your progress 9

1. A _____brand influences the buying decision and shapes the ownership experience.

   a. Strong

   b. Weak

1.11 The 3 Cs of Branding

The benefits of having a strong brand are tremendous. Strong brands charge premium pricing; they thrive during economic downturns; they attract great employees, partners and customers; and they can extend into new business areas with ease. In addition to being able to boast these enviable benefits, strong brands have something else in common. They all exhibit the "three Cs" of branding.

The three Cs are: clarity, consistency, and constancy.

- **Clarity**

Strong brands are clear about what they are and what they are not. They understand their unique promise of value. And this promise of value sets them apart from their competitors.

It differentiates them and allows them to attract and build loyalty among a desirable set of consumers. Volvo, for example, is clear about their commitment to safety and security. They are not about speedy sports cars, or about small economy cars, or about luxury cars.

They build cars for families. Cars those are safe. And they clearly focus their communication activities on this differentiation.

Nordstrom's clarity is around unmatched customer service. And it is clear from the moment you step into the store. Nordstrom has been able to separate itself from other retailers through this unwavering commitment to customer service and satisfaction.

There are several retailers who will sell you a black Armani suit; but only Nordstrom will turn it into an experience you will talk about with friends and colleagues.

This clarity guides Nordstrom as they build on their current business. When they developed their on-line store, they did so in a way to ensure that customers would experience the same level of service they have come to expect from the Nordstrom brand.

- **Consistency**

In addition to being clear about who they are, strong brands are also consistent. They are always what they say they are.

For Volvo, they are always about safety. They don't change their focus from model to model. When new editions come out each year, they are safe too. And Volvo consistently communicates that.

Or look at Madonna. Madonna is the chameleon brand of entertainment. She reinvents herself with each CD that she produces. She didn't change for her first five CDs and then stay the same for the next two. She consistently changes. And the one thing we can be sure of with regard to her upcoming CD is that it will be nothing like any of the others she has done before. Madonna's ability to change consistently throughout her career separates her from other entertainers, thereby strengthening her brand.

- **Constancy**

It is not enough to be clear and consistent if you are not always visible to your target audience. Strong brands are constant; they are always there for their customers and prospects. They don't go into hiding.

For Coke, the world is the target market. That is why you can't make it through a day without being exposed to their bright red color or familiar script logo. Vending machines, people carrying a coke as they walk down the street, restaurant menus, product placement in TV shows and movies, billboards and print and TV advertisements all scream COKE. Coke is a constant in our lives. And Coke is the world's strongest brand. In building and nurturing a strong brand, you have a lot more to think about than these three C's.

But no brand is truly a strong brand if it doesn't pass the Three C Test.

Check your progress 10

1. Nordstrom's clarity is around _____customer service.

   a. Unmatched

   b. Low

2. For_____, they are always about safety. They don't change their focus from model to model.

   a. Suzuki

   b. Volvo

1.12   Important Factors about Branding

- **Quality**

Quality is a vital ingredient of a good brand. Remember the "core benefits" – the things consumers expect. These must be delivered well, consistently. The branded washing machine that leaks, or the training shoe that often falls apart when wet will never develop brand equity.

Research confirms that, statistically, higher quality brands achieve a higher market share and higher profitability that their inferior competitors.

- **Positioning**

Positioning is about the position a brand occupies in a market in the minds of consumers. Strong brands have a clear, often unique position in the target market.

Positioning can be achieved through several means, including brand name, image, service standards, product guarantees, packaging and the way in which it is delivered. In fact, successful positioning usually requires a combination of these things.

- **Repositioning**

Repositioning occurs when a brand tries to change its market position to reflect a change in consumer's tastes. This is often required when a brand has become tired, perhaps because its original market has matured or has gone into decline.

The repositioning of the Lucozade brand from a sweet drink for children to a leading sports drink is one example. Take Liril as another example.

- **Communications**

Communications also play a key role in building a successful brand. We suggested that brand positioning is essentially about customer perceptions – with the objective to build a clearly defined position in the minds of the target audience.

All elements of the promotional mix need to be used to develop and sustain customer perceptions. Initially, the challenge is to build awareness, then to develop the brand personality and reinforce the perception.

- **First-mover advantage**

Business strategists often talk about first-mover advantage. In terms of brand development, by "first-mover" they mean that it is possible for the first successful brand in a market to create a clear positioning in the minds of target customers before the competition enters the market. There is plenty of evidence to support this.

Think of some leading consumer product brands like Gillette, Coca Cola and Sellotape that, in many ways, defined the markets they operate in and continue to lead. However, being first into a market does not necessarily guarantee long-term success. Competitors – drawn to the high growth and profit potential demonstrated by the "market-mover" – will enter the market and copy the best elements of the leader's brand (a good example is the way that Body Shop

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developed the "ethical" personal care market but were soon facing stiff competition from the major high street cosmetics retailers.

- **Long-term perspective**

This leads onto another important factor in brand-building: the need to invest in the brand over the long-term. Building customer awareness, communicating the brand's message and creating customer loyalty takes time. This means that management must "invest" in a brand, perhaps at the expense of short-term profitability.

- **Internal marketing**

Finally, management should ensure that the brand is marketed "internally" as well as externally. By this we mean that the whole business should understand the brand values and positioning. This is particularly important in service businesses where a critical part of the brand value is the type and quality of service that a customer receives.

Think of the brands that you value in the restaurant, hotel and retail sectors. It is likely that your favorite brands invest heavily in staff training so that the face-to-face contact that you have with the brand helps secure your loyalty.

- **Brand extension and stretching**

Marketers have long recognized that strong brand names that deliver higher sales and profits (i.e. those that have brand equity) have the potential to work their magic on other products.

The two options for doing this are usually called "brand extension" and "brand stretching".

- **Brand extension**

Brand extension refers to the use of a successful brand name to launch a new or modified product in a same broad market.

A successful brand helps a company enter new product categories more easily.

For example, Fairy (owned by Unilever) was extended from a washing up liquid brand to become a washing powder brand too.

The Lucozade brand has undergone a very successful brand extension from children's health drink to an energy drink and sports drink.

- **Brand stretching**

Brand stretching refers to the use of an established brand name for products in unrelated markets.

For example the move by Yamaha (originally a Japanese manufacturer of motorbikes) into branded hi-fi equipment, pianos and sports equipment.

When done successfully, brand extension can have several advantages:

- o Distributors may perceive there is less risk with a new product if it carries a familiar brand name. If a new food product carries the Heinz brand, it is likely that customers will buy it.

- o Customers will associate the quality of the established brand name with the new product. They will be more likely to trust the new product.

- o The new product will attract quicker customer awareness and willingness to trial or sample the product.

- o Promotional launch costs (particularly advertising) are likely to be substantially lower.

- **Brand positioning**

As we have argued in our other revision notes on branding, it is the "added value" or augmented elements that determine a brand's positioning in the market place.

Positioning can be defined as follows:

Positioning is how a product appears in relation to other products in the market Brands can be positioned against competing brands on a perceptual map.

A perceptual map defines the market in terms of the way buyers perceive key characteristics of competing products.

The basic perceptual map that buyers use maps products in terms of their price and quality, as illustrated below:

Fig: 1.3 Brand positioning

Types of brand

There are two main types of brand – manufacturer brands and own-label brands.

Manufacturer brands

Manufacturer brands are created by producers and bear their chosen brand name. The producer is responsible for marketing the brand. The brand is owned by the producer.

By building their brand names, manufacturers can gain widespread distribution (for example by retailers who want to sell the brand) and build customer loyalty (think about the manufacturer brands that you feel "loyal" to).

Own label brands

Own-label brands are created and owned by businesses that operate in the distribution channel – often referred to as "distributors". Often these distributors are retailers, but not exclusively. Sometimes the retailer's entire product ranges will be own-label. However, more often, the distributor will mix own-label and manufacturers brands. The major supermarkets (e.g. Tesco, Asda, and Sainsbury's) are excellent examples of this. Own-label branding – if well carried out – can often offer the consumer excellent value for money and provide the

distributor with additional bargaining power when it comes to negotiating prices and terms with manufacturer brands.

Check your progress 11

1. _____is about the position a brand occupies in a market in the minds of consumers.

   a. Positioning

   b. Repositioning

2. _____occurs when a brand tries to change its market position to reflect a change in consumer's tastes.

   a. Repositioning

   b. positioning

1.13   Let Us Sum Up

In this block we have studied about the meaning and importance of market environment. Here we look at the latest thinking and best practice in the domain of marketing and takes a fresh look at the real nature of an organization's assets, such as market share and supplier and customer relationships, all of which are represented by the brand. Effective marketing requires a keen understanding of the macro and microenvironment, customers and competitors. Competition is becoming intense with every passing year. Companies need to balance their customer and competitor orientation in order to be successful in the fast changing environment. We have even discussed the importance of Michael porter 5 forces that determine the intrinsic log-run attractiveness of a market or market segment. We have discussed the brand which means, when used as a noun, can refer to a company name, a product name, or a unique identifier such as a logo or trademark. Its origin is in ranch ownersbranded, or marked, their cattle so they could later identify their herd as their own. The concept of branding also developed through the practices of craftsmen who wanted to place a mark or identifier on their work without detracting from the beauty of the piece. These craftsmen used their initials, a symbol, or another unique mark to identify their work and they usually put these marks in a low visibility place on the product.

Today's modern concept of branding grew out of the consumer packaged goods industry and the process of branding has come to include much, much more than just creating a way to identify a product or company. So branding today is used to create emotional attachment to products and companies. Branding efforts create a feeling of

involvement, a sense of higher quality, and an aura of intangible qualities that surround the brand name, mark, or symbol.

So in this block we have discussed in very detail about branding hoping it is going to be of great help for the students.

1.14   Answers for Check Your Progress

Check your progress 1

Answers: (1-b), (2-a)

Check your progress 2

Answers: (1-a), (2-b)

Check your progress 3

Answers: (1-b), (2-a)

Check your progress 4

Answers: (1-a), (2-b)

Check your progress 5

Answers: (1-a), (2-a)

Check your progress 6

Answers: (1-a), (2-a)

Check your progress 7

Answers: (1-a)

Check your progress 8

Answers: (1-b), (2-a)

Check your progress 9

Answers: (1-a)

Check your progress 10

Answers: (1-a), (2-b)

Check your progress 11

Answers: (1-a), (2-a)

1.15   Glossary

1. **Image -** overall consumer perceptions or end user feelings toward a company along with its products and services.

2. **Corporate logo -** the symbol used to identify a company and its brands, helping to convey the overall corporate image.

3. **Stimulus codability -** items that easily evoke consensually held meanings within a culture or subculture.

1.16   Assignment

1. What are the difference between a product and a brand? Give examples.

2. What are the competitive forces that are at work in the market?

1.17   Activities

1. Why are brands important? What relationship does a brand share with a consumer?

2. List five brands and the emotional benefits they give.

1.18   Case Study

1. List five brands and the perceived benefits they provide.

2. Look around you and describe clearly personality profiles of five brands.

3. Trace the history of ONE old brand and ONE modern brand. Point out the differences.

1.19　　**Further Readings**

1.　　Marketing Management (Twelfth Edition) – Philip Kotler.

2.　　The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.　　The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.　　Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5.　　Marketing Warfare - Al Ries and Laura Ries.

6.　　Competitive Strategy – Michael E Porter.

UNIT 2: BRAND EVOLUTION AND VALUE OF BRANDS

Unit Structure

2.0   Learning Objectives

After learning this unit, you will be able to understand:

- Brand Evolution

- The Branding Process

- What is the Value of Brands?

- What is the Issues Influencing Brand Potential?

- The relevance of Brand Planning

- What are Eight Dimensions of Brands?

2.1   Introduction

Now at this point, it is worth appreciating how brands evolved.

This historical review shows how different types of brands evolved. There were examples of brands being used in Greek and Roman times. With a high level of illiteracy, shops indicating the types of goods they sold. Symbols were developed to provide an indication for the retailer's specialty and thus the brand logo as a short hand device signaling the brand's capability was born. Use is still made of this aspect of branding, as in the case, for example, of the poised jaguar indicating the power developed by the Jaguar brand.

The next landmark in the evolution of brands was associated with the growth of cattle farming in the New World of North America. Cattle Owners wanted to make it clear to other potentially interested parties which animals they owned. By using a red hot iron, with a they left a clear imprint on the skin of each of each of their animals. This process appears to have been taken by many as the basis for the meaning of the term brand, defined by the Oxford English dictionary as 'to mark indelibly as proof of ownership, as a sign of quality, or for any other purpose'. This view of the purpose of brands as being identifying (differentiating) devices has remained with us until today. What is surprising is that in an enlightened era aware of the much broader strategic interpretation of brands, many of today's leading marketing textbooks still adhere to the brand solely as a differentiating device, for example, 'a name, term, sign, symbol, or a combination of them, which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of the competitors'. Towards the end of the nineteenth such a view was justified, as the next few paragraphs clarify.

A consequence of this was that manufacturers' production increased, but with their increasing separation from consumers, they came to rely more on wholesalers. Likewise, retailers' dependence on wholesalers increased, from whom they expected greater services. Until the end of the nineteenth century, the situation was one of dominance. Manufacturers produced according to wholesalers' stipulations, who, in turn, were able to dictate terms and strongly influence the product range of the retailer. As an indication of the importance of wholesalers, it is estimated that by 1900, wholesalers were the main suppliers of the independent retailers, who accounted for 87-90 per cent of all retail sales.

During this stage, most manufacturers were:

- Selling unbranded goods;

- Having to meet wholesalers' demands for low prices;

- Spending minimal amounts on advertising;

- Selling direct to wholesalers, while having little contact with retailers;

In this situation, the manufacturer's profit depended mostly on sheer production efficiency. It was virtually commodity marketing, with little scope for increasing margins by developing and launching new products.

2.2 Understanding of Branding Evolution

To appreciate how further tiers of brands evolved, one must again consider the changing nature of the retailing environment. Around the 1870s, multiple retailers (i.e. those owning ten or more outlets) emerged, each developing their own range of brands, for which they controlled the production and packaging. These distributor brands (usually referred to as own labels or private labels) became common in emergent chains such as Home & Colonial, Lipton and International Stores. The early versions of distributor brands tended to be basic grocery items. Not only did the chains undertake their own production, but they also managed the wholesaling function, with branding being almost an incidental part of the total process.

The reason for the advent of distributor brands was that, due to resale price maintenance, retailers were unable to compete with each other on the price of manufacturers' brands and relied upon service as the main competitive edge to increase store traffic. The multiples circumvented this problem by developing their own distributor brands (own label). The degree of retailer production was limited by the complexity of the items and the significant costs of production facilities. Thus, it became increasingly common for multiple retailersto commission established manufacturers to produce their distributor brands which were packaged to the retailer's specifications. Before World War II, distributor brands accounted for 10-15 per cent of multiples' total sales, but with multiple retailers accounting for only 17 per cent of food sales the overall importance of distributor brands was far exceeded by manufacturer brands. During World War II, distributor brands were withdrawn due to shortages and were not reintroduced until the 1950s.

One of the consequences of the increasing growth of the multiples was the decline of independent retailers (i.e. those owning no more than nine shops). As a means of protecting themselves, some independent retailers joined together during

the 1950s and collaborated with specific wholesalers in symbol/voluntary groups (e.g. Mace-Wavey Line, Spar). With a significant element of their purchasing channeled through a central wholesaler, they were able to achieve more favorable terms from manufacturers. A further consequence of this allegiance was the introduction of symbol/voluntary brands, designed to compete against the multiple brands. It should also be recognized that the once powerful retailing force of the Co-op, with its not-insignificant farming and processing plants, also has a long history of marketing its Co-op brands (albeit with a variety of brand names). Unfortunately, due to the Co-op's inability to adapt to the changing retailing environment, this sector's.importance has fallen. With only an II per cent share of the packaged grocery sector in 1988 the overall importance of the Co-op brands has declined.

Whilst distributor brands have their origin in the grocery sector, however, where in 1988 they accounted for 28 per cent of packaged grocery sales, it should not be thought that this is their sole domain.

For example, it is estimated that in 1989, over 50 per cent of footwear sales and almost half of all men swear sales are accounted for by distributor brands. In the DIY goods sector, approximately a quarter of sales are from distributor brands and a fifth of furniture and floor covering sales are distributor brands. In the retail banking sector, where the service 'manufacturer' is also the distributor, distributor brands are common (e.g. Midland's Meridian Multi service Account). In the industrial sector, it is less common to see distributor brands. Due to the considerable investment in production, the need to appreciate the technology and the greater reliance upon direct delivery, with less reliance on distributors.

In the packaged grocery sector, where the first alternative tier to manufacturer brands appeared, innovative marketing in the late 1970s also led to a further alternative - generics. In fact, the term 'generics' may be a misnomer since it implies a return to the days when retailers sold commodities rather than brands. This trend was originally started by CARREFOUR in 1976, when they launched fifty 'produitslibres' in France, promoted as brand-free products. Some UK grocery retailers noted the initial success of these lines and thought the time was right to follow in the UK. At the time there was growing consumer skepticism about the price premium being paid for branding and with consumer's becoming more confident about selecting what in many cases were better quality distributor brands. It was thought that in a harsh economic environment, generics would be a popular alternative to manufacturer brands, further increasing distributors' control of their product mix.

The trust behind generics were that of cutting out any superfluous frills surrounding the product. They were distinguishable by their plain packaging, with the marketing emphasis placed on the content, rather than on the promotional or pack features. On average, generics were priced 40 per cent lower than the brand leader and approximately 20 per cent lower that the equivalent distributor brands. Whilst the quality level varied by retailer, they were none the less generally inferior to manufacturer's brands.

Retailers in the UK who stocked a generic range developed a policy regarding the product, pricing, packaging and merchandizing that only too clearly enabled consumers to associate a particular generic range with a specific store. One retailer went as far as branding their generic range (BASICS). But the withdrawal of generics was not surprising, since consumers perceived generics as similar to distributor brands. They were not perceived as a unique tier and the weakened the image, hence the sales. Of the distributor brands of those retailers stocking generics. Furthermore, as they were perceived to be similar to distributor brands, more switching occurred with these. Rather than with the less profitable manufacturers' brands.

However, it is worth emphasizing that any organization operating in consumer, services or industrial markets, never has a commodity and is always able to differentiate their offering, Research has shown that marketing a product or service predominantly on the basis of the functional performance of the core product (as was the case with generic groceries), accounts for about 80 per cent of the costs, yet only 20 percent of the impact. The marketing of generics trims some of the marginal costs away. But leaves the organization having to compete on product dimensions that can be easily copied and which have little impact compared with other attributes (e.g. service, availability. imagery etc.). Any industrial manufacturers who believe they are marketing a generic product, and therefore have to offer the lowest prices are deluding themselves, For example, purchasers are not just buying tanker loads of commonly available chemical for their production process. They are also buying a reliable delivery service, a well administered reordering process, advice from the supplier about the operating characteristics of the chemical, etc. By just considering issues such as these, it is easier to appreciate the fallacy of marketing generics.

Branding in the 1990s: brand categorization

An advertising perspective

This brief historical review has shown how brands evolved and has also briefly introduced the idea of the different types of brands. One of the weaknesses

with the current views on branding is that the term is used to encompass a very broad range of issues encouraging the possibility of confusion.

Two well-known researchers recently pointed out that the problem with branding is the surprising number of creative directors, planners, account handlers and clients who have kindergarten knowledge of branding processes and mechanisms. They are rightly critical of those who regard branding merely as a process to ensure that the name on a product or service is highly visible. Based on a consideration of advertisements, they classified brands into nine categories representing a role in advertising, varying from simple through to complex branding For example, at the simple end of the scale there are those brands which operate through straightforward association with the advertising slogan (e.g. the classic Schweppes). By contrast, at the most complex end of the spectrum, they identify structural branding, in which for example, objects (scissors, hedge trimmers, etc.). The figure below shows these researchers' (Langmaid and Gordon) interpretation of brand types.

Simple

- Simple association (verbal) e.g. Schweppes .
- Simple association (aural) e.g. Martini Melody .
- Simple association (visual) e.g. Old Spice
- Branding devices e.g. Horlicks .
- Branding symbols e.g. Dulux dog
- Branding analogies e.g. famous personalities
- Branding metaphors e.g. 'Australianess'
- Branding tone of voice e.g. TSB
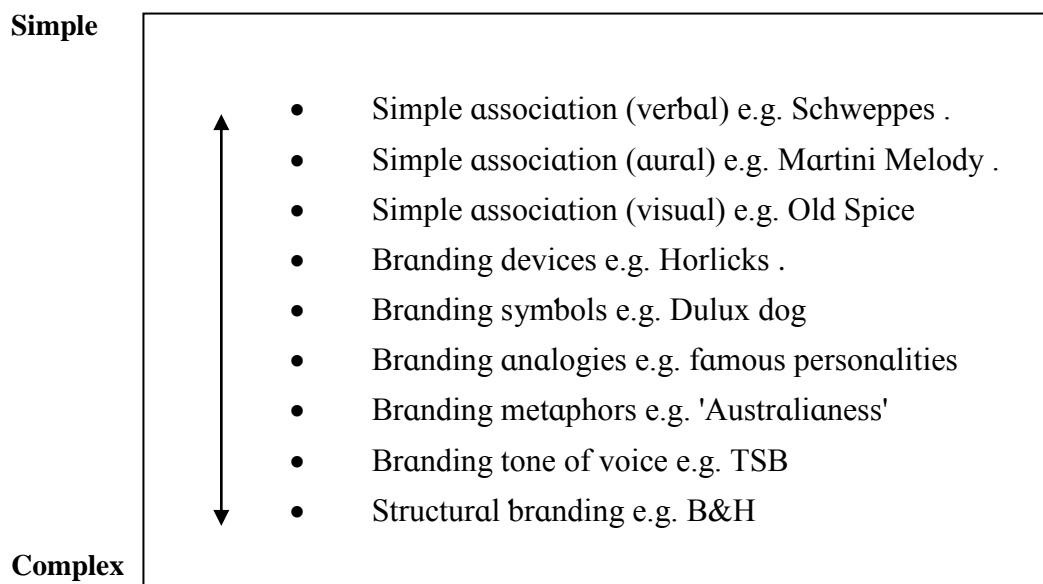- Structural branding e.g. B&H

Complex

Fig 2.1 Langmaid and Gordon's (1988) brand Typology

However, whilst their typology is of value to advertisers, its overt advertising bias restricts its value as an aid in evaluating how to employ the other elements of the marketing mix.

2.3 Understanding the Branding Process

When BMW drivers proudly turn the ignition keys for the first time in 'the ultimate driving machine', they are not only benefiting from a highly engineered car with an excellent performance, but are also taking ownership of a symbol that signifies the core values of exclusivity, performance, quality and technical innovation.

Purchasers of a prudential insurance policy are not just buying the security of knowing that damage to their home through unforeseen events can rapidly and inexpensively be rectified. They are also buying the 'corporate symbol' of the face of Prudence reminding them of the added values of heritage, size and public awareness, inspiring confidence and sustained credibility.

Likewise buying an IBM computer is not just buying a device that rapidly computes data into a format that is more managerially useful, but is also buying the security of a back-up facility and commitment to customer satisfaction signified by the three letters of IBM.

While these purchasers in the consumer, service and industrial markets have bought solutions to their individual problems, they have also paid a price premium for the added value provided by buying brands. In addition to satisfy their core purchase requirements, they have bought an augmented solution to their problem, for which they perceive sufficient added value to warrant paying a premium over other alternatives that have satisfied their buying needs.

The added values that they sought, however, were not just those provided through the presence of a brand name as a differentiating device, or through the presence of brand names to recall powerful advert. Instead, they perceived a total

entity, the brand which is the result of a coherent marketing approach which uses all elements of the marketing-mix. A man does not give a woman a box of branded chocolates because she is hungry. Instead, he selects a brand that communicates something about his relationship with her. This, he hopes, will be recognized through - the pack-design,"her recall" of a relevant advertising message, the quality of the contents, her chiding of him for the price he paid and her appreciation of the effort he took to find a retailer specializing in stocking such an exclusive brand. The same goes for a woman buying a man a special box of cigars.

These examples show that thinking of branding as being 'to do with naming products', or 'about getting the right promotion with the name prominently displayed' of getting the design right ', is too myopic. In the mid 19805, we came across Scottowels when we were doing some work in the kitchen towels market. Managers in the company thought that this was a branded kitchen towel, but consumers perceived this as little more than another kitchen towel with a name added - one stage removed from being a commodity. It had a brand name, but because the rest of the marketing mix was neglected, it had to fight for shelf space on the basis of price and was ultimately doomed because of the vicious circle driven by minimum value leading to low price.

There are hundreds of examples of well-known brand names that have failed commercially. There are even some which are reviled by the public. Such unsuccessful brands are examples of failure to integrate all the elements of marketing in a coherent way. Thus, branding is a powerful marketing concept that does not just focus on one element of the marketing mix but represents the result of a carefully conceived array of marketing across the spectrum of marketing mix, directed towards making the buyer recognize relevant added values that are unique when compared with competing products and services and which are difficult for competitors to emulate. The purpose of branding is to facilitate the organization's task of getting and maintaining a loyal customer base in a cost effective manner to achieve the highest possible return on investment. In other words, branding should not be regarded as a tactical tool directed towards one element of the marketing mix; but rather should be seen as the result of strategic thinking, integrating a marketing programmed across the complete marketing mix.

Neither is this a concept that should be regarded as more appropriate for consumer markets. Indeed, the concept of branding is increasingly being applied to people and places, such as politicians, pop stars, holiday resorts and the like, whilst it has always been equally relevant to the marketing of products and

services. Were this not so, organizations such as IBM would be unable to charge significantly higher prices for their computers, which compete so successfully with technically more advanced machines selling at lower prices.

Strategic branding is concerned with evaluating how to achieve the highest return on investment from brands, through analyzing, formulating and implementing a strategy that best satisfies users, distributors and brand manufacturers.

It is only recently that a strategic perspective on branding has emerged, with firm's beginning to recognize that they are sitting on valuable assets that need careful attention.

Successful Brands

Successful brands, that is, those which are the focus of a coherent blending of marketing resources, represent valuable marketing assets. During the 1980s the value of brands was ironically brought to the attention of marketers by the financial community: For example, in 1985 Reckitt and Colman acquired Airwick Industries and put on itsbalance sheet £ 127 million as the financial value resulting from the intangible benefits of goodwill, heritage and loyalty conveyed by the newly acquired brand names. While this may have been one of the opening shots to make organizations aware of the financial value of brands, it was Rank Hovis McDougal who really brought the brand debate to life. They announced in 1988 that they had put £678 million on their balance sheet as the valuation of their brand names. In the same year Jacobs Suchard and Nestle fought for the ownership of Rowntree. At the time of the takeover battle it was estimated that Rowntree's tangible net assets were worth around £300 m, yet Nestle won control by paying £2.5 bn. This difference of £2.2 bn represented the value that Nestle saw in the potential earnings of strong brands such as Kit Kat, Polo, Quality Street and After Eight Mints, etc.

Thus, because consumers recognize and appreciate the added values of successful brands, they are able to sustain a higher price premium over equivalent commodity items and generally generate healthy profits.

The ultimate assessor of the real value of a brand, however, is not the manufacturer or the distributor, but the buyer or the user. Marketers are able to develop strategies to convey added values to purchasers, but because of what is called the 'perceptual process' the target audience may well focus on only a part of the available information and 'twist' some of the messages to make them congruent with their prior beliefs. For example-should a wallpaper paste

manufacturer show an apparently incompetent DIY householder mixing paste in a television commercial in an attempt to communicate the smoothness and ease of application of their brand of wallpaper paste, they run the risk of some consumers interpreting the brand as being 'suitable for idiots'. This is one example of the perceptual process.

It is imperative to recognize that while marketers instigate the branding process (i.e. branding as an input), it is the buyer or the user who forms a mental vision of the brand (i.e. branding as an output), which may be different from the intended marketing thrust. While the marketers talk about the branding effort they are undertaking, they should never lose sight of the fact that the final from of the brand is the mental evaluation held by the purchasers or users. Branding, then, needs to be appreciated in terms of both the input and the out put process.

Brands are successful when developed with a clear statement of intent about the products or services purpose, the specific group of customers the brand is targeted at and a commitment to equipping the brand with the right types of resources to achieve the stated purpose.

For example, Coca-Cola's success is partly attributable to a clear positioning as a refreshing, fun-type drink, targeted at teenagers and backed by a tradition of quality and continual consumer communication.

Brands deliver a variety of benefits, which for ease can be classified as satisfying buyer's rational and emotional needs. Successful brands are those which have the correct balance in terms of their ability to satisfy these two needs for example, cigarette smokers have a variety of rational needs such as seeking the best value, or best taste, or best quality. Or a certain aroma or achieving relaxation, etc. The extent to which different brands satisfy particular rational needs will be assessed by the consumer trying different brands, examining the packaging, looking at the shape of the cigarette, considering its price etc. Besides these rational needs they will also be seeking to satisfy emotional needs, such as prestige, or distinctiveness, or style, or social reassurance, etc. The extent to which different brands satisfy these emotional needs will be evaluated by consumers recalling promotions, or assessing who smokes different brands, or considering what situations different brands are consumed in, etc. To succeed, the marketer must understand the extent to which their brand satisfies rational and emotional needs and then develop marketing programs accordingly.

Some may question whether the rational dimension dominates industrial branding and therefore whether there is any need to consider emotional aspects at all. Our work has shown that emotion plays and important role in the industrial

brand selection process. For example, some office services managers do not just consider the rational aspects of office furniture brands they are about to buy, but also seek emotional reassurance that the correct brand decision might reaffirm their continual career development or that they have not lost credibility amongst colleagues through the wrong brand choice.

Check your progress 2

1. _____should not be regarded as a tactical tool directed towards one element of the marketing mix.

   a. Branding

   b. Packaging

2. _____is concerned with evaluating how to achieve the highest return on investment from brands.

   a. Strategic branding

   b. branding

2.4 Value of Brands

Recalling the discussion in the previous section about brand names; acting as a means of short circuiting the search for information, consumers appreciate manufacturers' brands since they make shopping a less time-consuming experience.

As already noted, manufacturers' brands are recognized as providing a consistent guide to quality, and consistency. They reduce perceived risk and make consumers more confident and in some product fields (e.g. clothing, cars)' they also satisfy strong status needs.

Why, then, do so many manufacturers also supply distributors' brands? First, it is important to understand why distributors are so keen on introducing their own brands. Research has shown that they are particularly keen on distributor brands because they enable them to have more control over their product mix. With a strong distributor brand range, retailers have rationalized their product range to take advantage of the resulting cost savings and much stock a manufacturer's brand leader, their own distributor's brand and possibly a second manufacturer's brand. Trade interviews have also shown that distributor brands

offered better margins than the equivalent manufacturer's brand, with estimates indicating the extra profit margin to be about 5 percent more than the equivalent manufacturer's brand.

Some of the reasons why manufacturers become suppliers of distributors' brands are:

- Economies of scale through raw material purchasing, distribution and production;

- Any excess capacity can be utilized;

- It can provide a base for expansion;

- Substantial sales may accrue with minimal promotional or selling costs;

- It may be the only way of dealing with some important distributors (e.g. marks & spencer);

- If an organization does not supply distributor brands, their competitors will, possibly strengthening the competitors' cost structure and trade goodwill.

Consumers benefit from distributors' brands through the lower prices being charged. But it is interesting to note that our own research found that consumers are becoming increasingly confident about distributors' brands and no longer perceive them as 'cheap and nasty' weak alternatives to manufacturers' brands, but rather as realistic alterative.

Check your progress 3

1. _____brands are recognized as providing a consistent guide to quality, and consistency.

   a. manufacturers'

   b. marketers

2. _____benefit from distributors' brands through the lower prices being charged.

   a. Sellers

   b. Consumers

2.5   The Importance of Brand Planning

As the previous sections of this chapter have shown, brands play a variety of roles and for a number of reasons satisfies many different needs. They are the end result of much effort and by implication represents a considerable investment by the organization. With the recent interest in the balance sheet value of brands companies are beginning to question whether their financially valuable assets in the form of brands are being effectively used to achieve high returns on investment.

To gain the best return from their brands, firms must adopt a broad vision about their brands and not just focus in isolation on tactical issues of design and promotion. Instead, they need to audit the capabilities of their firm to evaluate the external issues influencing their brand.

Brand planning is an important but time-consuming activity, which if undertaken in a thorough manner involving company-wide discussion, will result in a clear vision about how resources can be employed to sustain the brand's differential advantage. Unfortunately, it is only a minority of organizations who undertake thorough brand planning. Without well-structured brand plans there is the danger of what we call brand 'vandalism'.

Junior brand managers are given 'training' by making them responsible for specific brands. Their planning horizons tend to be in terms of a couple of years (i.e. the period before they move on) and their focus tends to be on the tactical issues of advertising. Pack design and tailor-made brand promotions for the trade. At best, these results in 'fire fighting' and a defensive rather than offensive brand plan. The core values of the brand are in danger of being diluted through excessive brand extensions. For example, one of the key core values of the Ribena brand is vitamin C yet by extending the brand into other fruits (e.g. Strawberry) this is weakening the brand's proposition and potentially weakening the brand's strength.

Internally, organizations may be oblivious to the fact that they are hindering brand development. Clearly, by not preparing well documented strategic brand plans firms are creating their own obstacles to success. Some of the characteristics that internally hinder any chance of brand success are:

- Brand planning is based on little more than extrapolations from the previous few years.

- When it doesn't look as if the annual budget is going to be reached quarter 4 sees brand investment being cut (i.e. advertising. Market research, etc.)

- The marketing manager is unable to delegate responsibility and is too involved in tactical issues.

- Brand managers see their current positions as good training grounds for no more than two years.

- Strategic thinking consists of a retreat once a year, with the advertising agency and sales managers, to a one-day meeting concerned with next year's brand plans.

- A profitability analysis for each major customer is rarely under taken.

- New product activity consists of different pack sizes and rapidly developing 'me- too' offers.

- The promotions budget is strongly biased towards below-the-line promotional activity. supplemented only occasionally with advertising

- Marketing documentation is available to the advertising agency on a need to know basis only.

Brand strategy development must involve all levels of marketing management and stands a better chance of success when all the other relevant internal departments and external agencies are actively involved. It must progress on the basis of all parties being kept aware of progress.

British Airways exemplify the notion of brand development as an integrating process, having used this to achieve a greater customer focus.

For example, the simple operation of taking a few seats out of an aircraft can be done with confidence, as engineering are consulted about safety implications, finance work out the long-term revenue implication, scheduling explore capacity implications and the cabin crew adjust their in-flight service routines.

Check your progress 4

1. To gain the best return from their brands, firms must adopt a _____about
   their brands and not just focus in isolation on tactical issues of design and
   promotion.

   a. broad vision

   b. broad mission

2. Without well-structured brand _____there is the danger of what we call
   brand 'vandalism'.

   a. Strategy

   b. Plans

2.6   Issues influencing Brand Potential

When auditing the factors affecting the future of brands, it is useful to
consider these in terms of the five forces shown in Figure below. The brand
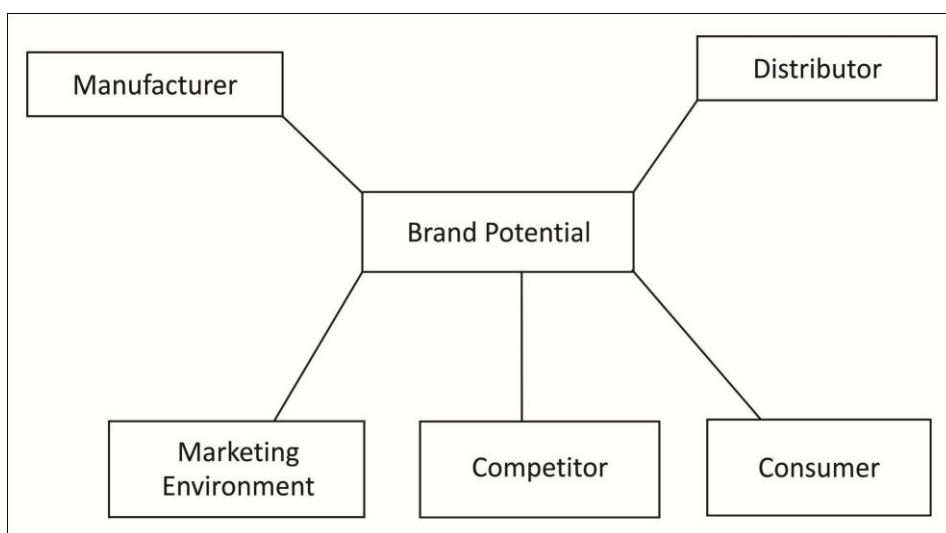strategist can evaluate the intensity and impact of the following brand-impeding
issues.

Fig: 2.2 Forces Influencing Brand Potential

- **The manufacturer**

It is not unusual for an organization to be underutilizing its brand assets
through an inability to recognize what is occurring inside the organization? Have
realistic, quantified. Objectives been set for each of the brands, and have they

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been widely disseminated? Aims such as 'to be the brand leader' give some indication of the threshold target, but do little in terms of stretching the use of resources to achieve their full potential. Further more, they show every sign of the executive shying away from accepting brand responsibility. Brand leadership may result before the end of the planning horizon, but this may be because of factors that the organization did not incorporate into their marketing audit. But luck also has a habit of working against the player as much as working for the player.

Has the organization made full use of its internal auditing to identify what its distinctive brand competences are, and to what extent these match the factors that are critical for brand success? For example, Swatch recognized that amongst fashion-conscious watch owners, its distinctive competences of design and production could satisfy changing consumer demands for novelty watches.

Is the organization plagued by a continual desire to cut costs, without fully appreciating why it is following this route? Has the market reached the maturity stage, with the organization's brand having to compete against competitors' brands on the basis of matching performance, but at a reduced price? If this is so, all aspects of the organization's value chain should be geared towards cost minimization (e.g. eliminating production inefficiencies, avoiding marginal customer accounts, having a narrow product mix, working with long production runs, etc.). Alternatively, is the firm's brand unique in some way that competitors find difficult to emulate and for which the firm can charge a price premium (e.g. unique source of high quality raw materials, innovative production, process, unparalleled customer service training. acclaimed advertising, etc.). Where consumers demand a brand which has clear benefits, the manufacturer should ensure all departments work towards maintaining these benefits and signal this to' the market (e.g. by the cleanliness of the lorries, the politeness of the telephonists, the promptness of answering a customer enquiry, etc.) In some instances, particularly in services, the brand planning document can overlook a link in the value chain. Resulting in some inherent added value being diminished (e.g. an insurance broker selling reputable quality insurance from a shabby office).

- **Distributors**

The brand strategy of the manufacturer cannot be formulated without regard for the distributor. Both parties rely on each other for their success and even in an era of increasing retailer concentration, notwithstanding all the trade press hype, there is still a recognition amongst manufacturers and distributors that long-term brand profitability evolves through mutual support.

Manufacturers need to identify retailer's objectives and align their brands with those retailers whose aims most closely match their own. With the opening of European markets in 1992, some of the major multiple grocery retailers have already set their sights on growth through market development. Involving discussions about pan European alliances with other retailers. Brand manufacturers who have not fully considered the implications of distributors' longer-term objective are deluding themselves about the long-term viability of their own brands.

In the UK, there are numerous instances of growing retailer power, with a few major operators controlling a significant proportion of retail sales (e.g. groceries, DIY, jewellery, footwear). The danger of increasing retailer power is that weaker brand manufacturers acquiesce to demands for better discounts, without fully appreciating that the long term well-being of their brands is being undermined. It is crucial for brand manufacturers to analyze regularly what proportion of their brand sales go through each distributor and then for each individual distributor to assess how important a particular manufacturer's brand is to them.

If this hypothetical example were for a HLL brand, it is clear that the particular HLL brand is more reliant upon Foodworld than Foodworld is on the particular HLL brand. Such an analysis better enables manufacturers to appreciate which retailers are more able to exert pressure on their brand. It indicates that, if the brand manufacturer wants to escape from a position of retailer power, they need to consider ways of growing business for their brands in those sectors other than Foodworld at a faster rate than is envisaged within this distributor.

When working with a distributor the brand manufacturer should take into account whether the distributor is striving to offer a good value proposition to the consumer (e.g. Kwik, Save, Aldi) or a value-added proposition (e.g. high quality names at Harrods). In view of the loss of control once the manufacturer's brand is in the distributor's domain, the brand manufacturer must annually evaluate the degree of synergy through each particular route and be prepared to consider changes.

Does the manufacturer have an offensive distribution strategy, or is it by default that its brands go through certain channels?

What are the ideal characteristics for distributors of its brands and how well do the actual distributors used match these criteria?

How do distributors plan to use brands to meet their objectives?

The brand manufacturer must have a clear idea of the importance of specific distributors for each brand.

Finally manufacturers must recognize that when developing new brands, distributors have a finite shelf space and market research must not solely address consumer issues, but must also take into account the reaction of the trade. One company found that a pyramid pack design researched well amongst consumers, but on trying to sell this into the trade it failed - due to what the trade saw as ineffective use of shelf space.

- **Consumers**

To consumers buying is a process of problem solving. They become aware of a problem (e.g. not yet arranged summer holidays), seek information (e.g. go to travel agent and skim brochures), evaluate the information and then make a decision (e.g. select three possible holidays, then try to book one through the travel agent). The extent of this buying process varies according to purchasers' characteristics, experience and the products being bought. None the less, clearly consumers have to 'work' to make a brand selection.

Brands offer consumers a means of minimizing information search and evaluation. Through seeing a brand name which has been supported by continual marketing activity, consumers can use this as a rapid means of interrogating memory and if sufficient relevant information can be recalled, only minimal effort is needed to make a purchase decision. As a consequence of this, brand strategists should question whether they are presenting consumers with a few high quality pieces of information, or whether they are bombarding consumers with large quantities of information and ironically causing confusion. Likewise in business to business markets, it is important to consider how firms make brand selections.

Not only should strategists look at the stages consumers go through in the process of choosing brands but they also need to consider the role that brands actually play in this process. For example, a businessperson going to an important business presentation may feel social risk in the type of clothes he/she wears and select a respected brand mainly as a risk-reducer. By contrast, in a different situation, they may decide to wear a Gucci watch, because of a need to use the brand as a device to communicate a message (e.g. success, lifestyle) to their peer group. Likewise, one purchasing manager may buy a particular brand, since experience has taught him that delivery is reliable, even though there is a price premium to pay. By contrast, another purchasing manager may be more concerned about rapid career advancement and may choose to order a different brand on the basis that he is rewarded for minimizing unnecessary expenditure on raw

materials. Success depends on understanding the way purchasers interact with brands and employing company resources to match these needs.

- **Competitors**

Research has shown that return on investment (ROI) is related to a product's share of the market. In other words products with a bigger market share yield better returns than those with a smaller market share. Organizations with strong brands fare better in gaining market share than those without strong brands. Thus, firms who are brand leaders will become particularly aggressive if they see their position being eroded by other brands. Furthermore, as larger firms are likely to have a range of brands, backed by large resources, it is always possible for them to use one of their brands as a loss leader to under price the smaller competitor, and once the smaller brand falls out of the market, the brand leader can then increase prices. Several years ago, Laker took on the major airlines when he launched his Sky train on the lucrative trans-Atlantic route. The major players recognized the potential danger from this 'no-frills' operation and because they had a wide range of products, they were able to compete at equally low prices, while using their other routes to subsidize this. Without a range of brands, Laker was unable to compete and his brand died. Comapare "no-frills" Airlines Air Deccan and the market competition when it launched.

Brand strategists need to have given some thought to anticipating likely competitor response. Filofax appear to have been taken by surprise by competitive activity. When their time organizer became established in the market, they did not appear to have any short-term retaliatory plans when faced with an increasing number of, me-too competitors.

- **The marketing environment**

Brand strategists need to scan their marketing environment continually to identify future opportunities and threats. For example, will the opening of European markets after 1992 result in very powerful grocery retailing chains presenting a considerable threat to weaker brands? Will a shift in the developed countries to a knowledge-based society lead to 'armchair shopping' facilitated by networked personal computers? To draw an analogy with military thinking, good surveillance helps achieve success.

Check your progress 5

1 .The _____of the manufacturer cannot be formulated without regard for the distributor.

   a. brand strategy

   b. brand development

2. _____need to identify retailer's objectives and align their brands with those retailers whose aims most closely match their own.

   a. Manufacturers

   b. Marketers

2.7   Eight Dimensions of Brands

An eight category of brands

1.   Brand as a sign of ownership

An early theme, given much prominence in marketing circles, was the distinction between brands on the basis of whether the brand was a manufacturer's brand or a distributors brand (own label, private label). Branding was seen as being a basis of showing who instigated the marketing for that particular offering and whether the primary activity of the instigator was production (i.e. manufacturer's brand) or distribution (distributors band). However, this drew a rather artificial distinction; since nowadays consumers place a far greater reliance on distributor brands - particularly when brands such as Benetton and Marks & Spencer are perceived as superior-brands in their own right. In fact, some would argue that with the much greater marketing role played by major retailers and their concentrated buying power, the concept of USP (Unique Selling Proposition) should now be interpreted as 'Universal Supermarket Patronage, with the much greater marketing activity undertaken by distributors, this typology does little more than clarify who instigated the marketing.

2.   Brand as a differentiating device

The historical review earlier in this chapter indicated that, at the turn of the century, a much stronger emphasis was placed on brands purely as differentiating devices between similar products. This perspective is still frequently seen today in many different markets. Yet with more sophisticated marketing and more

experienced consumers, brands succeed not only by conveying differentiation, but also by being associated with added values. For example, the brand Cadbury's Dairy Milk not only differentiates this from other confectionery lines, but is a successful brand since it has been backed by a coherent use of resources that deliver the added value of high quality offering with a well defined image. By contrast the one man operation, 'Tom's-taxi Service', is based upon branding as a differentiating device, with little thought to communicating added values.

Small firms seem to be particularly prone to the belief that putting a name on their product or service is all that is needed to set them apart from competitors. They erroneously believe that branding is about having a prominent name, more often than not based around the owner's name.Yet there is ample evidence that brands fail if organizations concentrate primarily on developing a symbol or a name as a differentiating device.

Brands will succeed if they offer unique benefits, satisfying real consumer needs. Where an organization has reason to believe that their competitors are marketing brands primarily as differentiating devices, there is an opportunity to develop a strategy which gets buyers to associate relevant added values with their brand name and hence gain a competitive advantage.

Balancing the "functional" and "emotional" elements in branding

3.   Brand as a functional device

Another category of brands is that used by marketers to communicate functional capability. This stemmed from the early days of manufacturers' brands when firms wished to protect-their large production investments by using their brands to guarantee consistent quality to consumers.

As consumers began to take for granted the fact that brands represented consistent quality, marketers strove to establish their brands as being associated with specific unique functional benefits.

A brief scan of advertisements today shows the different functional attributes marketers, are trying to associate with their brand, for example: VAX, emphasizing the –carpet -cleaning features or-its less-than-aesthetic vacuum cleaner; SEAT, striving to convey a good value-for-money proposition; Polycell, seeking the association of DIY simplicity; and Castrol GTX, representing 'high technology' engine protection. Firms adopting the view that they are employing brands as functional communicators; have the virtue of being customer driven, (rational) element of the customer choice, as all products and services also have some degree of emotional content in the buying process. For e.g. A Post Office

campaign run in 1990 for a predominantly functional brand, advertised the emotional dimension using the slogan 'If you don't want your burning passion to arrive lukewarm, send it in a Swiftpack'.

4.   Brand as a symbolic device

In certain product fields. (e.g. perfume and clothing) buyers perceive significant badge value in the brands; since it enables them to communicate something about themselves (e.g. emotion, status, etc.). In other words, brands are used as symbolic devices, with marketers believing that brands are bought and used primarily because of their ability to help users express something about themselves to their peer groups, with users taking for granted functional capabilities.

Where consumers perceive the brand's value to lie more in terms of the- non verbal communication facility (through the logo or name).they, spend time and effort choosing brands, almost with the same care as if choosing a friend .It is now accepted that consumers personify brands and when looking at the symbol values of brands, they seek brands which have very clear personalities and select brands s that best match their actual or desired self concept.

For example, in the beer market, there are only marginal product differences between brands.

Comparative consumer trials of competing beer brands without brand names present showed no significant preferences or differences. Yet, when consumers repeated the test with brand names present, significant brand preferences emerged. On the first comparative trial, consumers focused on functional (rational) aspects of the beers and were unable to notice much difference. On repeating the trials with brand names present, consumers were able to use the brand names to recall distinct brand personalities and the symbolic (emotional) aspect of the brands influenced preference.

Through being a member of social groups, people learn the symbolic meaning of brands. As they interpret the actions of their peer group, they then respond. using brands as non-verbal communication devices (e.g. feelings, status). To capitalize on symbolic brands, therefore, marketers must use promotional activity to communicate the brand's personality and signal how consumers can use it in their daily relationships with others. None the less, whilst there are many product fields where this perspective of brands is useful. It must also be realized that consumers rarely consider just the symbolic aspect of brands. Research across a wide variety of product fields ranging from chipboard to watches, showed that

consumers often evaluated brands in terms of both a symbolic (emotional) and a functional (rational) dimension. Marketers should, therefore, be wary of subscribing to the belief that a brand acts solely as a symbolic device.

5.   Brand as a risk reducer

Many marketers believe that buying should be regarded as a process whereby buyers attempt to reduce the risk of a purchase decision. When a person is faced with competing brands in a new product field, they feel risk. For eg.uncertainty about whether the brand will work, whether they will be wanting money, whether their peer group will disagree with their choice, whether they will feel comfortable with the purchase, etc. Successful brand marketing should therefore be concerned with understanding buyers perception of risk followed by developing and presenting the brand in such away that buyers feel minimal risk. An e.g of industry appreciating perceived risk is the pharmaceutical industry. One company has developed a series of questions which its sales representatives use to evaluate the risk aversion of doctors. When launching a new drug, the company focuses sales presentations initially on doctors with a low risk aversion profile. To make buying more acceptable, buyers seek methods of reducing risk by, for example, always buying the same brand, searching for more information, only buying the smallest size, etc. Research has shown that one of the more popular methods employed by buyers to reduce risk is reliance upon reputable brands. Some marketers, particularly those selling to organizations rather than to final consumers, succeed with their brands because they find out what dimensions of risk the buyer is most concerned about and then develop a solution through their brand presentation which emphasizes the brand's capabilities along the risk dimension considered most important by the buyer. This interpretation of branding has the virtue of being output driven. Marketers, however, must not loose sight of the need to segment customer's by similar risk perception and achieve sufficient numbers of buyers to make risk reduction branding viable.

6.   Brand as a shorthand device

Glancing through advertisements today, one becomes aware of brands whose promotional platform appears to be based on bombarding consumers with" considerable quantities of information (eg. Guardian Royal Exchange's Choices pension plan). These brands are used as shorthand devices by consumers to recall from memory sufficient brand information at a later purchasing time. There is merit in this approach, as people generally have limited memory capabilities. To overcome this, they bundle small bits of information into larger chunks in their memory, and use brand names as handles to recall these larger information

59

chunks. By continuing to increase the size of these few chunks in memory, buyers in consumer, industrial and service sectors can process information more effectively. At the point of purchase, they are able to recall numerous attributes by interrogating their memory.

There is, none the less, the danger of concentrating too heavily on the quantity, rather than the quality of information directed at purchasers. It also ignores the perceptual process which is used by buyers to twist information until it becomes consistent with their prior beliefs - an error fatally overlooked by the short-lived Strand cigarette brand.

7.   Brand as a legal device

With the appearance of manufacturers' brands at the turn of this century, consumers began to appreciate: their value and started to ask for them by name. Producers of inferior goods realized that to survive they would have to change. A minority, however, changed by illegally packaging their inferior products in packs that were virtually identical to the original brand. To protect themselves against counterfeiting, firms turned to trademark registration as a legal protection. Some firms began to regard the prime benefit of brands as being that of legal protection, with the result that a new category of branding appeared. Within this group of brands, marketers direct their efforts towards effective trademark registration along with consumer education programs about the danger of buying poor grade brand copies. For example, the pack details on Matchbox products boldly state that 'Matchbox is the trademark of the Matchbox group of companies and is the subject of extensive trademark registrations', while Kodak packs all carry the advice 'It's only Kodak film if it says Kodak'.

Yet again, however, whilst clearly there is a need to protect brands, brand owners also need to adopt a more strategic approach to developing ways of erecting defensive barriers, besides being reliant only on legal redress.

8.   Brand as a strategic device

Finally, more enlightened marketers are adopting the: view to which we subscribe, which is that brands should be treated as strategic devices. The assets constituting the brand need to be audited, the forces affecting the future of the brand evaluated and by appreciating how the brand achieved its added value a positioning for the brand needs to be identified such that the brand can be successfully protected and achieve the desired return on investment. To take full advantage of brands as strategic devices, a considerable amount of marketing analysis and brand planning is required, yet many firms are too embroiled in

tactical issues and so do not gain the best possible returns from their brands. All the strategic issues associated with capitalizing on strategic branding are covered.

A good example of successful branding through majoring upon a differential advantage and ensuring the: sustainability of such an advantage was seen in a color supplement advertisement by Sharp in 1990. This organization evaluated the forces that could impede their electronic organizer and developed a unique position for their brand that is difficult for competitors to copy. The technology of the IC card gave the brand a competitive edge. In a true strategic style, the firm had developed a brand which it had differentiated from its competitors and had used its corporate strengths to satisfy customer need better than competitors.

Check your progress 6

1. Brands will _____ if they offer unique benefits, satisfying real consumer needs.

   a. Succeed

   b. Fail

2. Many _____ believe that buying should be regarded as a process whereby buyers attempt to reduce the risk of a purchase decision.

   a. Consumers

   b. Marketers

2.8   Let Us Sum Up

In this unit we have focussed much on the branding .Here in this unit we discussed the process of branding in very detail.

We have studied that brands succeed when marketers regard them as the end result of a well-integrated marketing process. To view branding as naming, design or advertising, is too myopic and such a perspective will shorten the brand's life expectancy. Branding is about the communication of relevant added values for which buyers are prepared to pay a price premium and which competitors find difficult to emulate. We even studied about the value of brands in which we discussed the historical evolution of brands has shown that brands initially served the roles of differentiating between competing items, representing consistency of quality and providing legal protection from copying. With the advent of distributors' brands, more experienced buyers and increasingly sophisticated marketing techniques, eight different types of brands were

identified: a sign of ownership of the branding process; a differentiating device; a communicator of functional capability; a device which enables buyers to express something about themselves; a risk-reducing device; a shorthand communication device; a legal device; and a strategic device. To capitalize upon the asset represented by their brand, firms need to adopt strategic brand planning as a way of life. The model shows the five main factors that influence brand potential was reviewed. We even discussed about the brand planning and we have know that brand planning is an important but time-consuming activity, which, if undertaken in a thorough manner involving company-wide discussion, will result in a clear vision about how resources can be employed to sustain the brand's differential advantage. Unfortunately, it is only a minority of organizations who undertake thorough brand planning. Without well-structured brand plans there is the danger of what we call brand 'vandalism'.There are different categories of brands and has also highlighted the inherent weaknesses of each type of brand it also talks about the typology of brands and the importance of brands in the present day context.

So after going through this detailed discussion the readers would have got a detailed insight of branding which is going to be of great help for them not only for them curriculum but also in their career.

2.9   Answers for Check Your Progress

Check your progress 1

Answers: (1-b), (2-a)

Check your progress 2

Answers: (1-a), (2-a)

Check your progress 3

Answers: (1-a), (2-b)

Check your progress 4

Answers: (1-a), (2-b)

Check your progress 5

Answers: (1-a), (2-a)

<div style="border:1px solid #000;">

Check your progress 6

</div>

Answers: (1-a), (2-b)

2.10 Glossary

1. **Brands -** names generally assigned to a product or service or a group of complementary products.

2. **Salient -** when consumers are aware of the brand, have it in their consideration sets (things they consider when making purchases), regard the product and brand as a good value, buy it or use it on a regular basis, and recommend it to other consumers.

3. **Family brand -** when a company offers a series or group of products under one brand name.

4. **Brand equity -** a set of brand assets that add to the value assigned to a product.

5. **Market penetration -** the number of households within an area that purchased a product as a percentage of total households that bought in that product's category.

6. **Brand metrics -** measures of returns on brand investments.

7. **Brand extension -** the use of an established brand name on products or services not related to the core brand.

8. **Flanker brand -** the development of a new brand by a company in a product or service category it currently has a brand offering.

9. **Co-branding -** offering two or more brands in a single marketing effort.

10. **Ingredient branding -** a form of co-branding in which the name of one brand is placed within another brand.

11. **Cooperative branding -** a form of co-branding in which two firms create a joint venture of two or more brands into a new product or service.

2.11   Assignment

1. How did the concept of branding evolve? Answer this referring to the international scenario and India too.

2. What are the different types of brands? Discuss with reference to examples.

3. What are the issues influencing the brand potential?

2.12   Activities

1. What is the importance of brands from a distributor and consumer perspective?

2. Discuss the eight dimensions of brands.

3. Taking an Indian brand into consideration how many of the typologies does the brand fit?

2.13   Case Study

Trace the planning that you can perceive that went into the making of any prominent brand.

2.14   Further Readings

1. Marketing Management (Twelfth Edition) – Philip Kotler.

2. The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3. The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4. Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5. Marketing Warfare - Al Ries and Laura Ries.

6. Competitive Strategy – Michael E Porter .

UNIT 3:   THE BRAND AND THE CONSUMER

Unit Structure

3.0   Learning Objectives

After learning this unit, you will be able to understand:

- Why should businesses build their Brands?

- Why it is important to Create Powerful Brands?

- What is the nature of Relationships with Customers?

- What are the Organization's Marketing Assets?

- The importance of a brand

- The Brand-Customer Relationship

- The Consumer Mindset

3.1   Introduction

The relationship between a customer and a brand is an exchange relationship.

Consumers enter into a relationship on the basis of expected equity and the desire to increase the predictability of exchange outcomes (Peterson, 1995).

The length and strength of the customer relationship is a result of the relative value the customer perceives in the brand; in other words, the implied utility associated with the product features, the tangible value of these features, and the intangible value the consumer assigns to the brand name. The utility is a function of the capacity of the brand to consistently deliver an experience in alignment with the customer's expected equity.

Consequently, it reflects the convergences of the customer's perceptions and expectations.

3.2   Why should Businesses try to Build their Brands?

While businesses try and build their brands, there is a definite strategy involved that will benefit their brands. There are many advantages to businesses that build successful brands. These include:

- Higher prices

- Higher profit margins

- Better distribution

- Customer loyalty

Businesses that operate successful brands are also much more likely to enjoy higher profits.

A brand is created by augmenting a core product with distinctive values that distinguish it from the competition. This is the process of creating brand value.

All products have a series of "core benefits" – benefits that are delivered to all consumers. For example:

- Watches tell the time

- CD-players play CD's

- Toothpaste helps prevent tooth decay, or whitens or freshens

- Garages dispense petrol

Consumers are rarely prepared to pay a premium for products or services that simply deliver core benefits – they are the expected elements of that justify a core price. Successful brands are those that deliver added value in addition to the core benefits. These added values enable the brand to differentiate itself from the competition. When done well, the customer recognizes the added value in an augmented product and chooses that brand in preference.

For example, a consumer may be looking for reassurance or a guarantee of quality in a situation where he or she is unsure about what to buy. A brand like Mercedes, Sony or Microsoft can offer this reassurance or guarantee.

Alternatively, the consumer may be looking for the brand to add meaning to his or her life in terms of lifestyle or personal image. Brands such as Nike, Porsche or Timberland do this.

Nike Just Do it logo (as shown below)

Fig 3.1 Nike logo

A brand can usefully be represented in the classic "fried-egg" format shown below, where the brand is shown to have core features that are surrounded (or "augmented") by less tangible features.
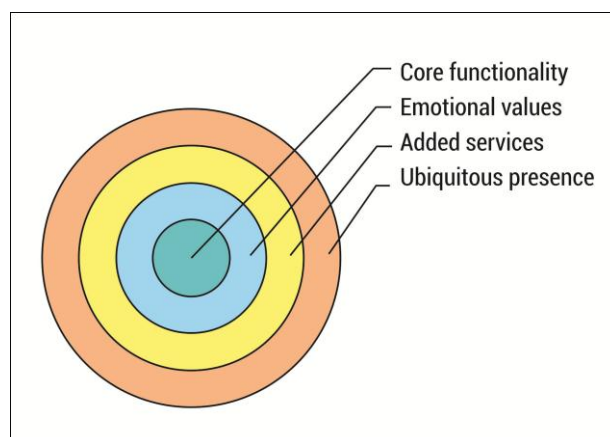

Fig 3.2 fried-egg

Brand Representation: The "Fried Egg" Format showing Core Brand Features

1. Businesses that operate successful brands are also much more likely to enjoy _____ profits.

    a. Higher

    b. Lower

2. A _____ is created by augmenting a core product with distinctive values that distinguish it from the competition.

    a. Brand

    b. Product

3.3   Why is it Important to Create Powerful Brands?

A brand represents the sum of people's perception of a company's customer service, reputation, advertising, and logo. When all of these parts of the business are working well, the overall brand tends to be healthy. On the flip side, we all probably know a company that offers excellent products or services, but has a tarnished brand due to poor customer service.

Let's take a look at the important ways a strong brand impacts your business:

1.   Branding Improves Recognition

One of major components of your brand is your logo. Think of how we instantly recognize the golden arches of McDonalds or the simple, but powerful eagle of the USPS. As the "face" of a company, logo design is critical because that simple graphic will be on every piece of correspondence and advertising. A professional logo design is simple enough to be memorable, but powerful enough to give the desired impression of your company.

2.   Branding Creates Trust

A professional appearance builds credibility and trust. People are more likely to purchase from a business that appears polished and legitimate. Emotional reactions are hardwired into our brains, and those reactions are very real influencers.

3.   Branding Supports Advertising

Advertising is another component of your brand. Both the medium chosen and demographic targeted for advertisements builds a brand. Too narrow an

advertising focus, and a company risks being "pigeon holed" and losing their ability to expand into new markets. Too broad a focus and the company fail to create a definable impression of the company in the minds of would be customers.

4.   Branding Builds Financial Value

Companies who publicly trade on a stock exchange are valued at many times the actual hard assets of the company. Much of this value is due to the branding of the company. A strong brand usually guarantees future business. Whether a company is in the position to borrow funds for expansion or rolling out to an IPO, being perceived as more valuable will make the process advantageous for the owner of the company. The greater a company's devotion to build its brand value, the better the financial return from its efforts.

5.   Branding Inspires Employees

Many employees need more than just work— they need something to work toward. When employees understand your mission and reason for being, they are more likely to feel that same pride and work in the same direction to achieve the goals you have set. Having a strong brand is like turning the company logo into a flag the rest of the company can rally around.

6.   Branding Generates New Customers

Branding enables your company to get referral business. Would it be possible for you to tell a friend about the new shoes you love if you couldn't remember the brand? A large reason 'brand' is the word used for this concept is that the goal is an indelible impression. As the most profitable advertising source, word of mouth referrals are only possible in a situation where your company has delivered a memorable experience with your customer.

Check your progress 2

1. A brand _____the sum of people's perception of a company's customer service, reputation, advertising, and logo.

   a. Is not equall to

   b. Represents

2. One of _____components of your brand is your logo.

   a. Minor

   b. Major

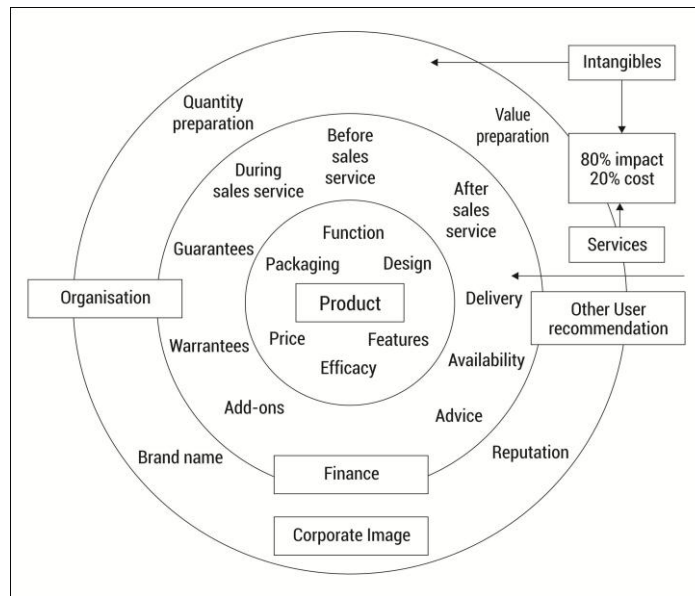# 3.4   The Nature of Relationship with Customers

Fig 3.3 Nature of Relationship with Customers

The nature of relationships with customers

The above figure also begins to throw light on the nature of the, confusion surrounding the relationships that organizations enjoys with their customers. It is a sad reflection on the state of marketing the product, in spite of fifty years of marketing education, ignorance still abounds concerning what marketing is. The following are the major areas of confusion:

1.   Confusion with the product management. The belief that all, a company has to do to succeed is to produce a good product still abounds and neither Concorde, the EMI Scanner, nor the many thousands of brilliant products that have seen their owners or inventors go bankrupt during the past twenty years will convince such people otherwise.

2.   Confusion with advertising this is another popular misconception and the annals of business are replete with examples such as Dunlop, Woolworths and British Airways who, before they got professional management in, won awards with their brilliant advertising campaigns, while failing to deliver the goods. Throwing advertising expenditure at the problem is still a very popular way of tackling deep-rooted marketing problems.

3.   Confusion with customer service The 'Have a nice day' syndrome is currently having its hey-day in many countries of the world, popularized by Peters and Waterman in "In Search of Excellence". The banks are amongst those who have spent millions training their staff to be charming to

customers while still getting the basic offer fundamentally wrong - for example. Many banks are still closed when the public most needs them open! Likewise, in many railway companies around the world, while it helps to be treated nicely. It is actually much more important to get there on time.

Likewise, selling is just one aspect of communication with customers, and to say that it is the importance of product management, pricing, distribution and other forms of communication in achieving profitable sales. Selling is just one part of this process, in which the transaction is actually clinched. It is the culmination of the marketing process, and success will only be possible if all the other elements of the marketing mix have been proper1y managed.

The more attention that is paid to finding out what customers want, to developing products to satisfy these wants, to pricing at a level consistent with the benefits offered, to gaining distribution, and to communicating effectively with our target market, the more likely we are to be able to exchange contracts through the personal selling process.

Check your progress 3

1. _____is just one aspect of communication with customers.

   a. Selling

   b. marketing

2. _____is just one part of this process, in which the transaction is actually clinched.

   a. Branding

   b. Selling

3.5   The Organization's Marketing Assets

The organization's marketing assets

Textbook definitions of marketing have emphasized the satisfaction of identified customer needs as a fundamental article of faith. Various interpretations exist, but the concept of 'putting the customer at the center of the business' summarizes these viewpoints.

Philosophically, there is little to argue with in this notion. However, it must be recognized that the ability of the business to produce offerings that meet real

needs will generally be limited to very specific areas. More particularly, what we find is that an organization's skills and resources are the limiting factor determining its ability to meet the market place needs. The example of a slide rule manufacture being unable to compete in the age of electronic calculators underlines this point. The strengths and skills of such a company, whatever they may have been, were quite definitely not in the manufacture of electronic calculators, whereas they may well have had a strength in marketing and distribution in specialized markets - thus possibly providing an opportunity to distribute other manufacturers' products aimed at those markets.

What we are in effect saying is that marketing should really be seen as the process of achieving the most effective deployment of the firm's assets to achieve overall corporate objectives. By assets in this context, we refer specifically to those assets that might best be described as 'marketing assets'.

What are marketing assets? Typically when we talk about assets, we think first of financial assets, or more precisely those assets that are recognized in the balance sheet of the business. So, fixed assets, such as plant and machinery, and current assets, such as inventory or cash, would be typical of this view of assets.

In fact, the marketing assets of the business are of far greater importance to the long-run health of the business and yet paradoxically rarely appear in the balance sheet. Ultimately, the only assets that have values, those are that contribute directly or indirectly to profitable sales, now or in the future. Included in our categorization of marketing assets would be such things as:

Market 'franchise'. Are there certain parts of the market that we can call our own? The loyalty of customers and distributors will be a factor here.

Distribution network: Do we have established channels of distribution which enable us to bring products or services to the market in a cost-effective way?

Market share the 'experience effect' and economics of scale mean that for many companies there are substantial advantages to being big. For example, costs will be lower and visibility in the market place will be higher.

Supplier relationships: The ability to have success to raw materials, low-cost components, and so on, can be of substantial advantage. Additionally, close cooperation with suppliers can frequently lead to innovative product developments.

Customer reactions: 'Close to the customer' has become the motto of the 1990s, and many organizations can testify to the advantage of strong bonds between the company and its customers.

Technology base: Does the company have any unique skills, processes or know-how strengths that can provide a basis for product/market exploitation?

It is only through the effective use of these and any other marketing assets that the company can build successful marketing strategies. There still, of course, remains the crucial task of seeking market-place opportunities for the exploitation of this asset base; however, this is an issue which needs to be dealt with in a very different light.

Nevertheless, if we are to be serious about marketing assets, perhaps managerially we should treat them as we do 'financial' assets. In which case questions such as these arise:

How do we value market assets?

How do we protect them?

How do we grow them?

The question of the valuation of marketing assets is complex and controversial. Traditionally, the only time that an attempt is made to put a financial value on these intangible assets is when a company is bought or sold. It will often be the case that one company, in acquiring. Another will pay more than the 'book value' of the acquired company as represented that is, in the balance sheet. The accountants' answer to this is to treat the difference between the purchase price and the' book value as 'goodwill' and then to write it off against reserves or amortize it through the profit-and-Loss account over a number of years.

Check your progress 4

1. The _____assets of the business are of far greater importance to the long-run health of the business and yet paradoxically rarely appear in the balance sheet.

   a. Fixed

   b. Marketing

2. The question of the valuation of marketing assets is _____and controversial.

   a. Complex

   b. simple

3.6   The Importance of a Brand

The importance of the brand

Perceptive readers will already have observed that, so far, we have deliberately chosen not to make any reference to brands as assets. It will also be clear by now that depicts brands not just a physical product, but a relationship with the customer. This relationship is personified either by the organization's name, or by the brand name on the product itself. ICI; IBM, BMW, Kodak and Cadburys are excellent examples of company brand names. Persil, Nescafe, Fosters, Dulux and Castrol GTX are excellent examples of product brand names.

The Cadbury brand

Fig 3.4 Cadbury brand

First, when we refer to the term 'brand', we use it to encompass not only consumer products, but a whole host of offerings, which include people (such as politicians and pop stars), places (such as Bangkok), ships (such as the Queen Elizabeth II), companies, industrial products, service products, and so on.

Second, a distinction should be drawn between a 'brand' and a 'commodity'. Commodity markets typically are characterized by the lack of perceived differentiation by customer's between competing offerings. In other words, one product offering in a particular category is much like another. Products like milk or potatoes come to mind or tin and iron ore. Whilst there may be quality differences the suggestion is that, within a given specification, this bottle of milk is just the same as that bottle of milk.

In situations such as these, one finds that purchase decisions tend to be taken on the basis of price or availability, and not on the basis of the brand or the manufacturer's name. Thus one could argue that the purchase of petrol falls into the commodity category, and whilst the petrol companies do try and promote 'image', they inevitably end up relying upon' promotions such as wine glasses and games to try to generate purchase.

There are examples, however of taking a commodity in making a brand. Take, for example - Penier Water: the contents are naturally occurring spring water which, whilst it has certain distinct characteristics at the end of the day, is still spring water. Yet through packaging and, more particularly, promotion, an international brand has been created with high brand loyalty and consequently it sells for a price well in excess of the costs of the ingredients.

Conversely, one can also find examples of once-strong brands which have been allowed to decay and in effect become commodities. This process is often brought about because the marketing asset base has been allowed to erode - perhaps through price cutting or through a lack of attention to product improvement in the face of competition. One market where this has happened in the UK is in the fruit-squash drink market. Fifteen or twenty years ago, there were a number of very strong brands – Sun crush, Kiaora, Jaffa Juice, to name a few. In this market, the quality of the brand had traditionally been stressed, but a switch in promotional emphasis occurred towards promotional offers of one sort or another. Price cutting became prevalent and resources were switched out of advertising which promoted the values of the brand and into so-called 'below the line' promotional activities. The main effect of this, twenty years later, has been to reduce the bottle of orange squash to the level of a commodity to such an extent that the major brands now retailers' own label products:

The figure below depicts the process of decay from brand to commodity as, over time, the distinctive values of the brand become less clear and thus the opportunity to demand a premium price reduces. So, today, we find a bottle of Perrier Water selling at a premium over a bottle of orange squash!
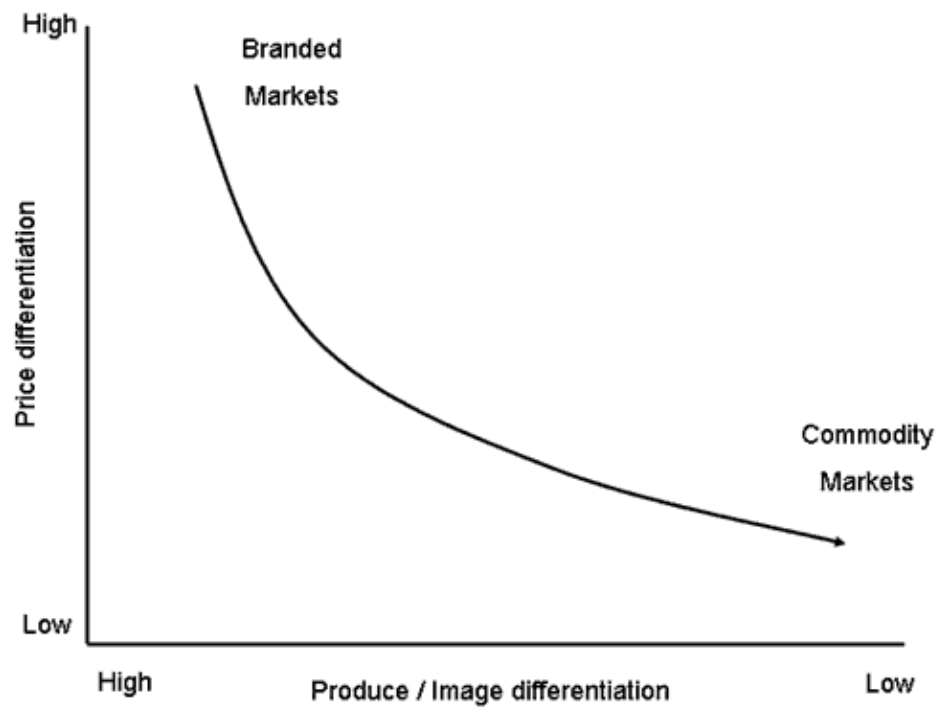
High

Branded
Markets

Price differentiation

Commodity
Markets

Low

High   Produce / Image differentiation   Low

Fig 3.5 Produce/Image Differentiation

The difference between a brand and a commodity can be summed up in the phrase 'added values'. A brand is more than just the sum of its component parts, It embodies, for the purchaser or user, additional attributes which, whilst they might be considered by some to be 'intangible', are still very real. To illustrate the power of these added values consider the results of a blind test (ie. where the brand identity is concealed) in which Diet Pepsi was compared against Diet Coke by a panel of consumers:

Prefer Pepsi   51 per cent

Prefer Coke   44 per cent

Equal/can't say   5 per cent

When the same two drinks were given to a matched sample in an open test (the true identity of the brands was revealed), the following results were produced:

Prefer Pepsi   23 per cent

Prefer Coke   65 per cent

Equal/can't say   12 per cent

How can this be explained if not in terms of the added values that are aroused in the minds of consumers when they see the familiar Coke logo and pack?

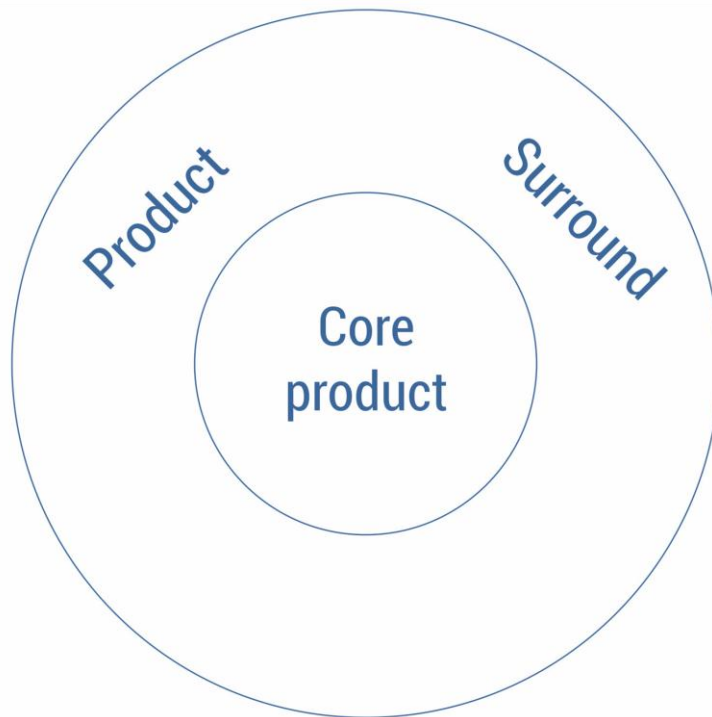**Basic features**

20%impact, 80%cost

Fig 3.6 Core Product

Added Value

Image, service, styling, support

(80% of the impact but only 20% of the cost.)

The importance of added value

The same phenomenon is also encountered in industrial marketing. In a commodity market such as fertilizers, the initials ICI printed-on a plastic sack have the effect of communicating to the purchaser a statement about quality and reliability, giving ICI a considerable advantage over lesser-known brands.

Often, these added values are emotional values which customers might find difficult to articulate. These values are given to a product quite simply through the marketing mix of product, packaging, promotion, price and distribution. All of these elements of the mix can be used to develop a distinctive position in the customers' mental map of the market. The more distinctive a brand position,

however, the less likelihood that a customer will accept a substitute. In commodity markets, competing products, because they are undifferentiated, are seen by the customer as occupying virtually identical positions and thus to all intents and purposes are substitutable.

It is thus the case that the most effective dimensions of competition are the relative added values of competing brands. The core product is purely the tangible features of the offering usually easy to imitate. The added values that augment the product and where distinctive differences can be created are to be found in the product surround, summarized in the figure above. The larger the 'surround' in relation to the core product, the more likely it is that the offering will be strongly differentiated from the competition.

The Coca-Cola example is one of the best indications of the value of what we have called the 'product surround'. That it is a major determinant of commercial success, there can be little doubt. When one company buys another, as in the case of Nestle and Rowntrees, it is abundantly clear that the purpose of the acquisition is not to buy the tangible assets that appear on the balance sheet, such as factories, plants, vehicles and so on but the brand name owned by the company to be acquired. This is because it is not that factories that make the profit but relationship with customers and it is the brand that secures that relationship.

It might be argued, therefore, that if it is possible to value a company for sale. Then surely it should be possible to do so on an on-going basis and specifically' to recognize the worth of marketing assets as represented by brands.

The question of asset protection and development is in a sense what marketing is all about. The stewardship of marketing assets is a key responsibility which is recognized in many companies by, for example, the organizational concept of brand management. Here, an executive is given the responsibility for a brand or brands competing internally for resources and externally for market position. It is but a short step from this organizational concept to a system of 'brand accounting' which would seek to identify the net present value of a brand based upon the prospect of future cash inflows compared with outgoings.

One advantage of such an approach is that it forces the manager to acknowledge that money spent on developing of a brand is in fact an investment which is required to generate future benefits. There is a strong argument for suggesting that, for internal decision making and on questions of resource allocation, a 'shadow' set of management accounts be' used, not the traditional approach whereby marketing costs are expensed in the period in which they are incurred, but an approach which recognizes such expenditure as investments.

Buying a major brand nowadays often makes more sense to organizations than launching a new brand with all the uncertainty that this entails. This is just one of the reasons why brand valuation has emerged as a major issue in recent times and why brands are increasingly sought after as assets.

Some of the more spectacular examples f the value of brands as assets can be seen in acquisitions in which colossal premiums were paid above the balance sheet asset value. AT&T paid a massive premium for the NCR brand. RHM, taking its cue from this trend, more than triple its asset value when it voluntarily valued its own brands and incorporated them on the balance sheet.

Check your progress 5

1. The _____between a brand and a commodity can be summed up in the phrase 'added values'

   a. Difference

   b. Similarity

2. The _____example is one of the best indications of the value of what we have called the 'product surround'

   a. Coca-Cola

   b. limca

3.7   The Brand-Customer Relationship

If you had to name a brand of each of the following categories: Soft Drink, Mobile phone, Detergent powder and Automobile. Answer this before you read ahead. Now check whether anyone of it matches with the names given here - Pepsi, Nokia, Surf, and Honda. These are not preferences of consumers. They just indicate the probability level of brand consciousness in the respective product category.

With global brands around in most product categories, there is an interesting 'battle of brands' in the marketing area. Battle of not just brands but a battle based on how effectively they have 'penetrated' into the psyche of consumers.

The Indian scenario provides challenges of all kinds to brand managers who have to conceptually figure out how they 'can place and sustain' their brands in

the minds of consumers. It is simply not warfare between mega-brands. For established brands, it is a question of enhancing their equity. For others it is a matter of building up the brand image and these will have to be done in a country which is replete with regional, social, cultural and linguistic variations where the governing marketing parameters for a given product/market situation cannot always be predicted.

As is seen in the Consumer Buying Behavior (with regard to any product or service, especially in consumer products) the consumer is influenced by the 'brand-pull'. This may be because of several reasons and could vary across product categories (from footwear to mobile phones) but certain generalization could be drawn for the kind of behavior. They may be:

- Historical presence of the product category

- Type of product category

- Social signalling value associated with the product

- Efforts put in by specific brands to build an equity

- Past experience with a brand.

Time Frame

Each of the above factors is not mutually exclusive from this viewpoint of the 'brand-pull'. There are traditional product categories like toothpastes, footwear, audio products, balms, cigarettes and scooters, which have been in the Indian market (as compared to products like pagers, personal computers and shampoo in a sachet, electric shavers and credit cards).

Now just think of five very old brands in any of the segment like FMCG or Electronics.

There have been brands which have carefully built up their brand equity for a number of years – Colgate, Bata, Vicks, Philips, Bajaj and these brands are likely to enjoy a higher consciousness in the consumer's mind in the respective product categories. This has a 'rub-off' effect on their relatively recent brand extensions. There may be a number of brands, which have not built up their equity despite of their long presence in the market. These brands have gone out of the 'mind-set' of consumers.

Again think of five such old brands that exist since last 20-30 years but have not been able to create impression in consumers mind?

What follows are the various aspects of nature of relationship of brand with customers:

a.   Product Category

In a new product or service categories, which could be associated with liberalization, global brands may create a higher level of brand consciousness among consumers? This may be because of 'perceived premium' associated traditionally with foreign brand names.

Examples could be Motorola in cellular phones, McDonald's in food chains and Citibank in credit cards or you can name many more in the list.

b.   Social Value

In product categories which are relatively old like ready-made garments (this category has been in existence for a long time but has exploded in the recent years), an audio products and household appliances, global brand names may make a greater impact on the customers. In this context, the social signalling value of products (the visibility a product ahs in the eye of the other customers- consumer durables are placed generally in the room where visitors are received at homes and cars which are bought for personal use have more of signalling value than the geyser, water purifier or contact lens) provides the symbolic association which consumers look for in attempting to give a spur to their ego. Even in the case of non-durables (like cigarettes and pens), consumers look for brands which reflect their lifestyles to the society in general (examples could be 555 cigarettes, Parker pens, Arrow shirts and Pepsi. Brand building is extremely important in product categories where the signalling value is high. These are products, which are in the premiums/ super –premium category and hence the personality of these brands makes a significant impact on the brand consciousness of the respective segment of customers.

A good example of the application of mega-marketing (advocated by Philip Kotler) in the Indian context is the case of Japanese brands. Mega-marketing helps a brand to overcome marketing barriers when they attempt to enter international markets. Sony, Sharp, Akai and National brands started advertising in India and built their brands even before the liberalization process was formulated .As a result initially, they enjoy a better level of consciousness than brands like Goldstar, Samsung and Electrolux which are also international brands. Today it's the Samsung, LG, and so on, which are prominent.

Apart from the quality, brand building ensures the emotional linkage and this plays an important part in consumer decision-making. India, with its markets

fragmented in most product categories, has offered enough scope for brand building in the respective segments if marketers have had the inclination to build brands.

Vicks very carefully built up it brand from the fifties and carved a niche for itself as a cold remedy in a balm market where segmentation was totally absent. This enabled the brand extension over a period of time (to adults and headaches). Bajaj strongly built a 'value for money' image and this could be very stressful for the brand if it starts scanning the lower –end of its passenger car market which has been left untapped. (Maruti was successful and now it is building up-market brands).

Philips has an interesting brand development history in India and it has been around for sixty-five years and in a closed economy (not much of specific brand personality was required). During recent times, its brand development has been in tune with its product development introduction of a spate of TV models for the upmarket and entering into household appliances and pagers, to reinforce the technological prowess that the brand has in global markets in the minds of consumers. This is a brand which is already on the 'top of the mind' consciousness level and its trying to create a position even at this level as there are a number of competitive brands which have an equally good equity.

In the non-durables category, brand consciousness has to be viewed differently. Colgate, Horlicks, Lifebuoy, Sunlight, Ponds, Lux, Farex are all global brands but they have been very much a part of the consumer psyche because of their time frame association.

Any brand cannot be successful without consumers support. The success of any brand depends on brand loyalty showed by consumers. Just think how many brands of Bath soap or toothpaste you have changed during last 5 years.

Concept of Involvement and Branding

In this era of brand personality, brand extensions and brand equity, marketers are attempting to raise the emotional level of consumers not only with regard to brands but also with regard to product categories which were tilled recently perceived as commodities. Imagery, positioning styles and a host of behavioral concepts are being attempted. The conflux of branded products in the market overwhelms the consumers and makes the buying choice difficult.

Each brand is trying to outdo the other by attempting to create different images for it.

- Yesterday's consumer went to the shop and asked for a new tyre for replacement purposes. Today, the same consumer is faced with a 'long playing radicals, anti – skids and wider ones as choices, thanks to the elevated levels of association with the product category of tyres.

- The routine change of oil as Lubricants for two and fourwheelers has become an area of consumer's decision – making with consumers asking for specific brands.

- Bathrooms have become glamour rooms; pepper and salts are 'Catching' up with customers; 'Thirty plus' citizens are becoming fitness-conscious!

Consumers' Involvement

It is involvement everywhere with anything from morning tea to air-conditioners. The concept of involvement assumes significance against the current marketing scenario. With the battle of brands and minds in any product category, the consumer spends more time and effort in the purchase of product category, products, which have been inspiring to him all these years.

The concept of involvement characterizes the difference in the intensity of interest with which consumers make buying decisions. This has an important impact on:

- The attention given to marketing communication (especially advertisements).

- The evaluation of information processed by the consumers

- The behavior of consumers in low-involvement buying situations to levels of higher involvement. While cars, cigarettes, watches, designer wear and consumer durables (like TV, refrigerator, etc) have been traditionally associated with high involvement categories, certain commodity items have got themselves into high – involvement category.

Some Examples

1. Catch introduced branded salt and pepper and followed it by communication to create involvement.

2. In a country where traditional herbs and pastes have been consumed for ages, Kotmatsu has targeted its herbal products to the 'back –to-nature' urban segments.

3. Apollo packaged its tyres and tubes in reusable tamper proof packs apart from creating Black Cat, Anti Skid brands – an effort to raise the involvement level of consumers.

    MRF's Tyredromes and Dunlop's spectra wide have also raised the involvement required for the brand differentiation plane.

4. McDowell has deepened the spirit of involvement by its Minis range of whisky, rum, gin and vodka brand (in 60 ml sizes).

5. Involvement was created in the glass category by the introduction of Modi Float Glass (Sheet glass was the only variety available to the consumers till recently). The company went on a concept –selling advertising campaign by using a celebrity.

6. Ruchi created involvement in the traditional homemade, low-involvement category of pickles.

Consumer Involvement and its Market Implications

As you have seen the Consumers involvement, just look at its Market Implications.

High- Involvement Situations

One important influence, which the concept of involvement has had on the consumers, is the manner in which consumer's process information to determine the meaning. When a consumer is in the process of buying a TV or a two-wheeler, he could be in the high involvement situation. He may be interested in knowing the difference in the brands; he may like to objectively assess the claims made by a brand in its advertisements. Critical evaluation by the consumer gets combined with the predisposition of the consumer's mind (attitude). A consumer who has received a 'word-of' mouth' reference about a brand from his friends will tend to use it at this stage. The 'store' image as perceived by the consumer may also matter once he has finalized the brand. Information, which is consistent with the beliefs of the consumer, will make him positively oriented towards a brand.

Finally, after the formation of attitude, behavior takes place in the form of buying the brand.

With all brands offering an acceptable level of quality, marketers can ensure that consumers perceive the differentiation on the service count. It is not only important to have good service but also important to communicate the service arrangements through a variety of ways. Apart from using the popular media, the point-of-purchase material at he dealers' showrooms will raise the level of

involvement of consumer. Service can also assume other dimensions like the dealer's sales personnel ascertaining the proper needs of the consumer and proposing a match which will suit the consumer.

Videocon TV has a number of models and the consumer has to be involved in the 'awareness' phase before he moves on to the next stage in the decision making process. With several companies following the brand-extension path, it can be ascertained if a prospective consumer (in a show-room) has been a user of a brand earlier in some other product category.

A consumer wanting to buy a gift for his son (a TV) may also be user of the brand in which he is showing interest. The involvement here may shape the attitude of the consumer towards the brand. He feels happy the brand /store is interested in finding out how he feels about his association with the respective brand. Even if the consumer has been having a negative belief about a brand, he may try to give a 'second chance' for the brand because of the involvement created. If he has been having any wrong perceptions about the brand, they can be corrected.

Low –Involvement Situations

In these situations, (typically surrounding consumables) the consumer may have little interest in going through the information regarding brands. It is in this context, marketers are attempting to create interest in their respective brands. Low involvement situations could also be present in some product categories (durables) where competition is not very tense. An example is the sewing machines category. For a long time there have been only a few major players (Usha, Singer) though there are a number of regional companies. Singer raised the level of involvement by introducing the Fashion maker, an upmarket version and following it up with a campaign. Homelite matchstick is another example which created involvement with value addition.

In the low-involvement category, marketing communication has been used to bring in a renewed perception about the products with brands image being the focus of the communication exercise. Taking advantage of the excise structure, ITC launched Hero cigarettes to target beedi smokers and get them involved in cigarettes. It used the 'tinsel' imagery.

The consumer, after the awareness stage, tries the product. Unlike the previous category, attitude about the brand is formed after the product trial (consumables). If the consumer is satisfied, he buys it again and this pattern could trigger off brand loyalty.

(Whenever a need is felt – whenever tea is required, a particular brand of packaged tea may be bought). Even in case of durables, marketers may attempt to raise the low-involvement product to the high-involvement plane.

Marketers are also making use of the 'self-concept' principle to generate involvement. A consumer's aspirational values and the manner in which he perceives himself influence the degree of personal influence, which he ascribes to product. In the ball pen category, Reynolds generated considerable amount of involvement by waving a 'romantic spell' as a positioning strategy for a product which has been well accepted for its functional utility.

The black box of the consumer's mind has several dimensions, which can be explored by marketers by a judicious mix of concepts and down to earth marketing practices.

The Challenge - How consumers adopt new products

Consumers witness so many new products being launched in quick succession. How consumers adopt new products is a challenging question marketer's face today. The time taken for consumers to adopt a new product is vital as there is a number of brands, which may enter a product category once the viability for a new product, are established in the market. There have been products which never caught on (or took decades to catch on) despite of the consumers being exposed to new product concepts for a sustained period of time.

- **Frozen Vegetables**: In the sixties, a leading multinational launched a brand of packaged green peas, which failed. Today Safal, a brand from the makers of Amul butter, is attempting to create awareness about frozen vegetables.

- **Liquid detergents**: Ezee has been in the market for a decade but hasn't taken off as have other detergent forms.

- **Electric cars** which never really caught on in advanced markets (during the last 25 years) have just been launched in India – Rewa being the first.

- **Cornflakes** which have been in the market for the last three decades, could never really penetrate Indian Homes. But with the entry of Kellogg's some awareness seems to have been created.

- Pharmaceutical major Boots introduced Paltab, a soft-drink tablet in orange and pineapple flavours it the mid-sixties. Till date, no other manufacturer has attempted to make the product.

For the new products to make an impact on the consumer's mind, you have to keep in mind the following factors:

- Does the innovation (or the new product) bring in discontinuity in the habits of the consumer?

- Is the timing right of a specific type of marketing communication?

- Do cultural factors play a major role in the marketing of the concept?

What kind of enhanced value does the product offer to upgrade the consumer if functional utility is the unique selling proposing?

Check your progress 6

1. With _____brands around in most product categories, there is an interesting 'battle of brands' in the marketing area.

   a. Global

   b. Local

2. As is seen in the Consumer Buying Behavior the consumer is influenced by the '_____

   a. brand push

   b. brand-pull'

3.8   The Consumer Mindset

Consumer Mindset

Acceptance of New Products

Discontinuity in Habits

As habits are strongly associated with behavior, there are two dimensions to them physical and psychological.

The growth of the two-wheeler category is an interesting example. Till the mid-eighties, the category grew at a slow pace. One reason was that consumers were comfortable with cycles or whatever mode of transport they were used to. Hence the people were neither motivated nor readily amenable to the idea of using an engine-based two-wheeler for personal transport. Getting used to the two-wheeler would have meant getting used to the acceleration, the controls and of course periodical maintenance and running expenses.

However, consumers exhibit a mindset to accept discontinuity of their learned habits (physical dimensions).

When life-styles change, there is increased pressure on time and consumers become mentally prepared to accept new product concepts though it may involve a change in habits. The assumption is that the new product is not prohibitively expensive.

The psychological dimension of habits is associated with certain non-functional, non-physical aspects like taste and preparation, which may be involvement before the consumption of the product. The penetration of coffee makers even in the urban markets (South) is an example. Coffee being a 'hedonistic' drink, consumers used to the 'filter-taste' may be wary of changing the method of preparation by using a machine. The success of rice –grinder Elgi – Ultra Grind in southern markets is a good example of how a company overcame this barrier.

This product is a sleek version of the traditional stone grinder. The working of the machine is such that it convinces the consumer of a standardized taste (applies to traditional food items of South India).

While changes in the environment and life style could bring changes in the physical dimension, changes in psychological dimensions are relatively more difficult to achieve. Instant coffee (pure and chicory mixed) has been in the market for a long time but hasn't penetrated phenomenally inspite of being convenient to use. Marketing communication can build in lifestyle aspects (apart from highlighting product attribute - taste it the case of instant coffee) to create an impact in the minds of consumers. Bru, after hammering down the stereotype of South Indian coffee, is currently associating itself with contemporary life style.

Acceptance of Marketing Communication

Acceptance of a product category could be associated with the timing of marketing communication. Consumers have different frames of reference for different situations.

Westernization has opened up several creative dimensions in marketing communication. Once a communication is accepted, it is a matter of time before the product is accepted by consumers who might have been reluctant to try out the product initially. Herbal brands like Raaga (though the newness in the category is limited to the branding and packaging) made use of the 'back to nature' syndrome, which is sweeping across the west.

The concept of get toothpaste is another example. The communication based on the 'smile for me…. Close-Up smile' ad film did not seem to have any impact on the teenage young adults segment it the mid-seventies when the brand was launched. However the variation of the same theme is widely accepted today and gel as a category makes up for more than 20 percent of the toothpaste category.

Soya based foods and milk drinks is a new category. Brands have vigorously attempted to 'push' these products in recent time's but without much success. The reason is the lack of awareness about the 'soya protein - good health' assocition (though awareness about health in general has improved.

Cultural Factors

These factors can also be associated with the psychological aspects of discontinuity. Food habits are strongly entrenched in the culture and hence are extremely difficult to change. Except for Maggi (noodles have a Chinese origin), there does not seem to be any other food brand, which has succeeded in a similar manner. Microwave ovens, which have been around for many years now, have a dismal penetration level. Even you may be apprehensive about using the product for Indian foods.

Stigma barriers can prevent consumer acceptability of new product like cigarettes for women (Ms, a cigarette brand which was launched a few years back was targeted at women professionals).

The personal care products and cosmetics category for women have taken several years before emerging as a solid market. For such products, marketers need to aim at a specific 'niche' rather than at huge markets. It is easier for companies with a strong financial muscle to launch such products, as these will have to be sustained over a period of time before they start appealing to profitable segments.

Functional Value

New product categories will have a better chance of getting accepted if they offer a better functional value, which can upgrade existing consumers rather than create consumers.

When the target segment (upper strata) employs a number of staff for domestic help at home, what could be the functional value addition from a dishwasher? Additionally, there is also need to train people hired for domestic

help. Pressure cookers, gas stove, fully automatic washing machines and mixies have provided functional utility with disrupting the domestic routine much.

Trialability

Cielo opened up a new dimension with its promotional strategy of offering the car for a test ride for 18 months (for 200 customers). These prospective customers had the option of returning the car after the test drive period. This promotional method is suitable from product categories like durables .The modalities of offering this kind of trialability depends on the product, type of prospective customers and the launch budget of the company. In certain product categories where a niche is targeted, this may be more effective than advertising. This method not only builds credibility of the new product but also helps in word-of –mouth publicity.

As more and more products appear in the Indian market, breaking the barriers in the consumer mindset will be as important as the product offering.

The Concept of Perception

Sony – the brand name could usher in images of quality and innovation in the mind of a person who has never used any product of the brand. Raymond is the fabric for 'the complete man' and Allen Solley is the designer wear for corporate executives who prefer an aura of casualness in their corporate setting. Pepsi could be associated with the 'fun and frolic moments' of the younger generation who's "dil mange more" or feels "yehpyaashaibadi". If one wonders about the logic and reality associated with the various kinds of marketing communication in today's context, the principles of perception could be used to reason out the development of brand images attempted by marketers.

Principles of Perception

In simple terms, perception is an important psychological process in which you can add meaning to what has been sensed by your sensory organ. This is precisely the reason why two individuals have different kinds of perception about products, brands ideas, places and people. In the marketing context the conditioning of the consumer's psyche over a period of time because of the individual 's exposure to products, brands trends, etc gets associated with the incoming marketing stimuli, which could be a brand, advertising message, product or a company's name, to complete the process of perception. The conditioning aspect is the relevant information which is already stored in the memory of the individual.

Mechanism of Perceptions

You have to keep in mind that the mechanism of perception, adding meaning to whatever has been sensed, is not just restricted to the marketing context alone. Individuals perceive information in a perceptual manner. Perception is not just limited to visual aspects such as seeing the product or the brand in a retail outlet. It could get extended to any of the inputs to sensory organs.

For example, just the audio part without the visual of Titan's TV commercial (the background music used in the brand's commercial) could trigger of visual images of the brand's commercial in a consumer who has viewed the commercials many times over a period of several years. This act of completion, which takes place in a consumer's mind, is called 'completion' and this is one of the very useful principles of perception. A brand of soap, which has been advertising widely in television and cinema halls for years, attempted this principle a few years back. In certain markets, it used only the radio medium, and advertised the brand with the popular jingle (background music tune with the brand name). The brand registered a high recall rate, and consumers were able to recall the visual images associated with the popular commercial.

Principles of Proximity

The principle of proximity could be used as a part of a brand image development. This involves associating visuals which are appropriate to the positioning of the brand with the brand name. ITC's Classic brand of cigarette, a brand positioned to the upper strata of smoker, is associated with the game polo, which has an upmarket image. The logic is to associate a visual, which could elicit perception that will be favorable to the development of the brand image. Peter England, the value for money brand, has used the proximity principle in its retailing decisions. It has not followed the exclusive showroom arrangement. In tune with its value proposition, it has entered into small retail showrooms where the brand is displayed along with a number of other brands. This enables a consumer to compare the value aspect of the brand with other brands. It is interesting to note that this usage of the proximity principle has taken into consideration the other aspects of the value proposition 'the honest shirt' and a wide range of colors offered.

Recently, there has been a proliferation of shampoo brands in sachets. Shampoo was a category exclusively associated with upper middle/ upper class consumers. It was sold in 200ml bottles at selective shops and advertised in selective media vehicles. The product form (sachets) and the display of these

sachets in millions of small outlets (including rural areas) have radically altered the perception of consumers of the product category. It is well within the reach of millions of middle –class consumers, and about sixty five per cent of the shampoo volume is realized through sachets. The proximity in this context is simply the association of the product/brands with small retail outlets. Currently even premium brands are launched in sachets, probably to upgrade consumers from value brands. The compact detergent sub-category (Ariel, Surf Excel) presents another example where the visuals have used the principle of proximity. Ever since the launch of this category, both brands have projected the 'common man' visuals, using the candid camera technique in which middle-class housewives are interviewed at common place retail outlets.

Figure and Ground

The 'figure and ground' principle is yet another principle of perception which could be used for formulating advertisement copy. The distinguishing feature of this principle is that it emphasizes the point that creativity in marketing communication should not eclipse the message associated with the brand. The ultimate objective of using creativity in marketing is to develop memorability and a high degree of brand recall, apart from conveying the proposition of the brand. The message, which involves the proposition and brand name, should always be the 'figure' in any advertisement.

Creativity through jingles, humor, or graphics takes the role of 'ground' in the advertisement.

The Brand - Customer Relationship

You as a Customer must have experienced how the promise of the brand is delivered through the call center, distribution channels, billing and service departments - in short, the "Brand- Customer Relationship." Therefore, advertising may get the initial sale, but only marketing can keep and retain customers by making sure the promise is delivered, and from every contact point possible. It is critical to be consistent across the entire company and conveys the same brand message and experience.

This is crucial to the development of the Brand-Customer Relationship.

The Brand-Customer Relationship becomes - if properly done - part of the goodwill and core competency that a brand can leverage in gaining and maintaining customer trust and business. This relationship can lead to stronger brand equity, thereby creating a differentiating factor between your brand and the competition. Strong brand equity allows us to retain customer's better, service

their needs more effectively, and increase profits. Brand equity can be increased by successfully implementing and managing an ongoing relationship marketing effort by offering value to the customer, and listening to their needs. Disregarding the edge that the Brand-Customer Relationship offers in the market place and not utilizing the benefits and goodwill that the relationship creates will surely lead to failure in the long run.

Customer service, and the relationship a company has with a customer, is indeed part of the brand, and it is imperative that it is recognized as such. The relationship is in many ways the strongest part of the brand. Competitors can copy packaging, product, ads, etc., but they have a much harder time copying your customer relationships, and more importantly your customers' loyalty. People aren't just buying a product or service from a strong brand; they are buying an idea, a perception, even a wish. In fact, many customers will pay more time and time again if they are getting what they perceive as fulfillment of the promise, and a great experience.

The central brand idea may be static among the entire customer and prospect bases, but the total sum of the brand idea or perception is rooted in the customer's experiences with the brand itself, and all its messages, interactions, and so on. In light of this, customer service and the entire marketing effort has a great deal to do with the strength of a brand. The fundamental strength and success of a brand lies in its ability - via marketing - to create and cultivate a strong and lasting relationship with its customers.

Brand-Customer Relationship: The Face of Your Business Strategy

Are brands dead? Well, some are. Brand building, on the other hand, is very much alive and more critical to a company's success. Unfortunately, many companies fail to understand how to create and manage strong brands. The days of brand building defined simply by awareness and driven by marketing alone are over. Visionary companies recognize that responsibility for brand management belongs with the organization as a whole.

There's No Escaping Your Brand

A brand is the collective experience of your key constituencies - customers, suppliers, investors, and employees-and is defined more by deeds than by words. It's what your company stands for and how it behaves with each of these groups. Which is why developing a brand-customer relationship is so important either you make the customer experience or it gets made without you.

To create a successful brand-customer relationship, you must develop a compelling brand identity and customer value proposition, rely on customer perspective, and have the ability to listen and respond appropriately to evolve your company's offerings to meet customers' needs and desires.

A strategy is not enough either. The organization must be aligned in ways that anticipate and fulfill customers' emotional expectations at every touch point to create meaningful relationships and lasting competitive advantage.

Brand Identity-the Touchstone

A brand identity is the centering idea of an organization. It captures that which you'd like to become, giving the organization something to aspire to. A common pitfall for many companies is not taking the time to think about who they are or what kinds of companies they want to become. While it may be easy to articulate revenue goals, developing a brand identity requires a different thinking process.

A brand identity should be focused on customer benefits, differentiated from competitors. Once defined, the brand identity becomes the organization's centering set of associations that it continually strives to create or maintain.

Customer Value Proposition-the Marching Orders

A successful customer value proposition clearly communicates the brand's functional, emotional, and self-expressive benefits. It is delivered in a way that is superior or unique when compared to competitors. While a brand identity is a big-picture vision, the value proposition provides the strategy for reaching that vision, linking the brand to the customer experience.

Here is another place where companies go astray. Organizational structures often prevent creation of a relevant, holistic customer experience. For example, departmental goals can too often take precedence and end up disconnected from the brand. A value proposition must be integrated across the organization so that every functional area contributes to the overall customer experience.

Customer Perspective-the Continuous Thread

Customer experience is shaped by a series of interactions with an organization. What products or services are offered? Does the package arrive on time? Does the help desk answer the phone promptly? If you don't take a customer perspective when creating the customer experience, you'll make it much easier for a competitor to copy your product or service and steal market share.

You should always base the brand-customer relationship on an outside-in perspective, creating a customer-centric experience.

Listen, Understand, Respond-the Way to Grow

The final ingredient that binds a customer to your brand in a lasting relationship is dialogue. Your company's brand isn't a monolithic, hermetic face that the organization presents to the world. Rather, it's an ongoing exchange where you listen carefully to your customers, understand what they say, and respond by modifying your value proposition and extending your businesses appropriately to fulfill customers' desires.

A Brand That Works

Hard work? Yes. The payoff however can be counted in high customer satisfaction, sales, and revenue. For example, before launching an online store, Williams-Sonoma wanted to ensure that the customer's online experience was consistent with the catalog and retail brand experience it had carefully crafted. The company defined new business processes so that every functional area supported the new channel. This meant working with merchandising, inventory management, call center, distribution center, database marketing, and financial reporting areas to make sure that the mail order systems, retail systems, and web site worked together. Distribution center and retail employees were trained to ensure that customers had virtually the same experience with the Williams-Sonoma site as they did in a physical store. The firm exceeded its revenue goals and has been able to significantly grow its business in this specific channel.

A brand-customer relationship is the bedrock on which great companies rise, or mismanaged, it's the chalk on which mediocre companies fail. Great brands that aspire to perfect touch points create the coherent experience to which customers respond.

Check your progress 7

1. The products and cosmetics category for women have taken several years before emerging as a _____.

   a. solid market

   b. liquid market

3.9   Let Us Sum Up

In this block we have studied much in detail about how to build the brands. The block discussed that relationship between a customer and a brand is an exchange relationship.

Businesses that operate successful brands are also much more likely to enjoy higher profits. A brand is created by augmenting a core product with distinctive values that distinguish it from the competition. This is the process of creating brand value. The important point is that a company which fails to think of its business in terms of customer benefits rather than in terms physical products is in danger of losing its competitive position in the market. When a customer buys a product, even if he is an industrial buyer purchasing a piece of equipment for his company, he is still buying a particular bundle of benefits which he perceives as satisfying his own particular needs and wants. When we refer to the term 'brand', we use it to encompass not only consumer products, but a whole host of offerings, which include people (such as politicians and pop stars), places (such as Bangkok), ships (such as the Queen Elizabeth), companies, industrial products, service products, and so on.

So after such a long and detailed discussion we have come to know much about the importance of brand and why should one build brand of his product.

3.10   Answers for Check Your Progress

Check your progress 1

Answers: (1-a), (2-a)

Check your progress 2

Answers: (1-b), (2-b)

Check your progress 3

Answers: (1-a), (2-b)

Check your progress 4

Answers: (1-b), (2-a)

Check your progress 5

Answers: (1-a), (2-a)

Check your progress 6

Answers: (1-a), (2-b)

Check your progress 7

Answers: (1-a)

3.11 Glossary

1. **Complementary Branding -** a form of co-branding in which the marketing of two brands together encourages co-consumption or co-purchases.

2. **Private Brands -** (also known as private labels) proprietary brands marketed by an organization and normally distributed exclusively within the organization's outlets.

3. **Recession -** a phase in which the gross national product (GNP) declines for two consecutive quarters.

4. **Positioning -** the process of creating a perception in the consumer's mind about the nature of a company and its products relative to the competition. It is created by the quality of products, prices charged, methods of distribution, image, and other factors.

3.12 Assignment

1. What is difference between a commodity and product?

2. Give examples of brand transformation relevant to the Indian market.

3. Describe the "Fried Egg" format for brand representation

3.13 Activities

1. Define : i) core values and ii) added value

2. "Considering various kinds of marketing communication in today's context, the principles of perception could be used to reason out the development of brand images attempted by marketers". Discuss with examples.

3. Define: i) Brand Perception (ii) Brand Identity

3.14   Case Study

List out 10 brands, which are known for good customer care service, and 10 Brands for bad service. Collect all their advertising and comment on their relationship with their customers. What are the perceived benefits the customer is getting?

3.15   **Further Readings**

---

1.   Marketing Management (Twelfth Edition) – Philip Kotler.

2.   The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.   The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.   Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5.   Marketing Warfare - Al Ries and Laura Ries.

6.   Competitive Strategy – Michael E Porter.

Block Summary

After going through this block we have gained so much about brand. Almost every aspect about brand was made very clear to us. In this block the whole content was divided in three units. Unit 1 discusses about the market and brand basics, Unit 2 discusses about brand evolution and value of brands whereas unit 3 discusses about the brand and the consumer.

This unit was totally focused on brand and that was the only reason why it has been able to discuss the brand in such a detailed manner. In unit 1 we learnt about the market and about the very basics of brand. The second unit discusses about how this brand came into existence i.e. there is a detailed discussion on brand and its evolution. Wher as the 3rd and final topic discusses about the brand and its consumer.

This topic is really going to be very helpful for the students and readers of this subject.

Block Assignment

Short Answer Questions

1. Explain brand.

2. What is brand potential?

3. High involvement and low involvement brands.

Long Answer Questions

1. Give one definition of a brand.

2. Describe the 3Cs of branding.

3. Elaborate on the two basic types of brands given here.

4. State the positioning of five brands in the market place.

5. List out core values of five brands.

6. What are the five forces influencing brand potential?

7. Discuss the concept of "Customer Involvement" with brands.

8. List the major areas of 'confusion' that appear in the brand's relationship with the consumer.

9. List five brands of different product categories and list down their i) core values and ii) functional values.

10. List five "low involvement" brands and five "high involvement" brands.

Enrolment No. [   ]

1. How many hours did you need for studying the units?

Unit No	1	2	3	4
Nos of Hrs				

2. Please give your reactions to the following items based on your reading of the block:

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	_____
Language and Style	☐	☐	☐	☐	_____
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	_____
Conceptual Clarity	☐	☐	☐	☐	_____
Check your progress Quest	☐	☐	☐	☐	_____
Feed back to CYP Question	☐	☐	☐	☐	_____

3. Any Other Comments

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> *Education is something which ought to be brought within the reach of every one.*

- Dr. B. R. Ambedkar

Dr. Babasaheb Ambedkar Open University
'Jyotirmay Parisar', Opp. Shri Balaji Temple, Sarkhej-Gandhinagar Highway, Chharodi,
Ahmedabad-382 481.

BRAND MANAGEMENT

BLOCK 2:
BRAND PLANNING

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Ahmedabad

BRAND MANAGEMENT

Knowledge Management and
Research Organization
Pune

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Mr. Prashant Tikone
Mr. Akshay Mirajkar

ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self-instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual-skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self-instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

PREFACE

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

BRAND MANAGEMENT

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Dr. Babasaheb
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BRAND MANAGEMENT

BLOCK 2: BRAND PLANNING

BLOCK 2: BRAND PLANNING

Block Introduction

Brand management is considered to be very important but interesting subject in management. After going through this block you will certainly feel confidnent enough about the subject.

In this block the whole content has been divided into three units. Unit 1 discusses brand planning and Building, unit 2 discusses the Strategic Brand Management Process whereas the unit 3 discusses Building Brand Portfolios.The unit discusses about the brand planning and building. This unit explains how can we build the brand and how can we do planning about the brand and more important is it explains the importance of brands. The second unit discusses the brand management process, which discusses about the brand management process and the last unit discusses about how to build brand portfolios.

So in this way this reader is going to be benefited a lot through this block

Block Objective

After learning this block, you will be able to understand:

- Customer-Based Brand Equity.

- Tools that help Brand Planning.

- Giving brand an identity.

- Brand Management Process.

- Brand Associations and its types.

- Various philosophies of Branding.

Block Structure

Unit 1:   Brand Planning and Building

Unit 2:   The Strategic Brand Management Process

Unit 3:   Building Brand Portfolios

UNIT 1: BRAND PLANNING AND BUILDING

Unit Structure

1.0   Learning Objectives

After learning this unit, you will be able to understand:

- The Concept of Customer-Based Brand Equity.

- Building Customer-Based Brand Equity.

- Tools to Facilitate Brand Planning.

- Designing Brand Identity.

1.1   Introduction

A brand is a name, term, design, or other feature that distinguishes one seller's product from those of others. Brands are used in business, marketing, and advertising. Initially, livestock branding was adopted to differentiate one person's cattle from another's by means of a distinctive symbol burned into the animal's skin with a hot branding iron. A modern example of a brand is Pepsi which belongs to PepsiCo Inc.

Brand building is an integral aspect of personal and business development. It not only increases the voice and consumer awareness of a brand, but it also gives it an identity and worth. The advent of participatory and interactive platforms has given many businesses the chance to enhance brand awareness and equity. If you have been thinking of building a personal or business brand, then it is important for you to know that brand building takes a great deal of time and resources. In the section that follows, we shall define brand building and also look at different types of brands and the steps to create a successful brand.

There is no one definition that actually captures the essence of brand building in its entirety. Many people think that brand building is all about communicating and exposing your brand. That is just one side of it. The best way we can define it is that it is a process of creating value to consumers. It encompasses all things that consumers know, feel, and experience about your business in its entirety.

1.2   The Concept of Customer-Based Brand Equity

Two questions often arise in brand marketing: What makes a brand strong? and how do youbuild a strong brand? To help answer both, we introduce the concept of customer-based brandequity (CBBE). Although a number of useful perspectives concerning brand equity have beenput forth, the CBBE concept provides a unique point of view on what brand equity is and how it should best be built, measured, and managed.

The CBBE concept approaches brand equity from the perspective of the consumer, whether the consumer is an individual or an organization or an existing or prospective customer.Understanding the needs and wants of consumers and organizations and devising products and programs to satisfy them are at the heart of successful marketing. In particular, marketers face two fundamentally important questions: What do different brands mean to consumers? And how does the brand knowledge of consumers affect their response to marketing activity?

The basic premise of the CBBE concept is that the power of a brand lies in what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time. In other words, the power of a brand lies in what resides in the minds and hearts of customers. The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and experiences become linked to the brand.

We formally define customer-based brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer-based brand equity when consumers react more favourably to a product and the way it is marketed when the brand is identified than when it is not (say, when the product is attributed to a fictitious name or is unnamed). Thus, customers might be more accepting of a new brand extension for a brand with positive customer-based brand equity, less sensitive to price increases and withdrawal of advertising support, or more willing to seek the brand in a new distribution channel. On the other hand, a brand has negative customer-based brand equity if consumers react less favourably to marketing activity for the brand compared with an unnamed or fictitiously named version of the product.

The simplest way to illustrate what we mean by customer-based brand equity is to consider one of the typical results of product sampling or comparison tests. In blind taste tests, two groups of consumers sample a product: one group knows which brand it is, the other doesn't. Invariably, the two groups have different opinions despite consuming the same product. These branding effects occur in the marketplace too. For example, at one time, Hitachi and General Electric (GE) jointly owned a factory in England that made identical televisions for the two companies. The only difference was the brand name on the television. Nevertheless, the Hitachi televisions sold for a $75 premium over the GE televisions. Moreover, Hitachi sold twice as many sets as GE despite the higher price.

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When consumers report different opinions about branded and unbranded versions of identical products—which almost invariably happens—it must be the case that knowledge about the brand, created by whatever means (past experiences, marketing activity for the brand, or word of mouth), has somehow changed customers' product perceptions. This result has occurred with virtually every type of product—conclusive evidence that consumers' perceptions of product performance are highly dependent on their impressions of the brand that goes along with it. In other words, clothes may seem to fit better, a car may seem to drive more smoothly, and the wait in a bank line may seem shorter, depending on the particular brand involved.

Brand Equity as a bridge

Thus, according to the customer-based brand equity concept, consumer knowledge drives the differences that manifest themselves in terms of brand equity. This realization has important managerial implications. For one thing, brand equity provides marketers with a vital strategic bridge from their past to their future.

Check your progress 1

1. The _____ concept approaches brand equity from the perspective of the consumer.

   a. CBBE

   b. customer-based brand equity

   c. both a and b

2. What we mean by _____ is to consider one of the typical results of product sampling or comparison tests.

   a.consumer knowledge

   b. customer-based brand equity

3. The power of a brand lies in what resides in the minds and hearts of _____.

   a. customers

   b. Market

4. We formally define customer-based brand equity as the differential effect
   that _____ has on consumer response to the marketing of that brand.

   a. brand knowledge

   b. market

5. _____ provides marketers with a vital strategic bridge from their past
   to their future.

   a. brand equity

   b. brand knowledge

1.3   Building Customer-Based Brand Equity

Building a strong brand is the goal of many organizations. Building a strong brand with significant equity is seen as providing a host of possible benefits to a firm, including greater customer loyalty and less vulnerability to competitive marketing actions and marketing crises, larger margins as well as more favourable customer response to price increases and decreases, greater trade or intermediary cooperation and support, increased marketing communication effectiveness, and licensing and brand-extension opportunities.

With this keen interest in brand building, two questions often arise:

1.   What makes a brand strong? and
2.   How do you build a strong brand?

To help answer both of these questions, this paper develops a model of brand building called the Customer-Based Brand Equity model. Although a number of useful perspectives concerning brand equity have been put forth, the Customer-Based Brand Equity model provides a unique perspective on what brand equity is and how it should best be built, measured, and managed. The development of the Customer-Based Brand Equity model was driven by three goals. First, the model had to be logical, well-integrated, and grounded. The model needed to reflect state-of-the-art thinking about branding from both an academic and industry point of view. Second, the model had to be versatile and applicable to all possible kinds of brands and industry settings. As more diverse applications of branding continued to emerge for products, services,

organizations, people, places, and so forth, the model needed to have far-ranging relevance. Third, the model had to be comprehensive with enough breadth to cover important branding topics as well as enough depth to provide useful insights and guidelines. The model needed to help marketers set strategic direction and inform their brand-related decisions. With this broad set of objectives in mind, the Customer-Based Brand Equity model was developed. The basic premise of the model is that the power of a brand lies in what customers have learned, felt, seen, and heard about the brand overtime. In other words, the power of a brand resides in the minds of customers. The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and so on become linked to the brand. The remainder of the paper outlines in detail how this "brand knowledge" should be created and how the brand-building process should be handled.

The Four Steps of Brand Building

Building a strong brand, according to the Customer-Based Brand Equity model, can be thought of in terms of a sequence of steps, in which each step is contingent upon the successful completion of the previous step. All steps involve accomplishing certain objectives with customers, both existing and potential. The first step is to ensure identification of the brand with customers and an association of the brand in customers' minds with a specific product class or customer need. The second step is to firmly establish the brand meaning in the minds of customer's by strategically linking a host of tangible and intangible brand associations. The third step is to elicit the proper customer responses to this brand identity and brand meaning. The fourth and final step is to convert brand response to create an intense, active loyalty relationship between customers and the brand.

These four steps represent a set of fundamental questions those customers in variably ask about brands, implicitly if not explicitly:

Who are you? (brand identity)

What are you? (brand meaning)

What about you? What do I think or feel about you? (brand responses)

What about you and me? What kind of association and how much of a connection would I like to have with you? (brand relationships)

There is an obvious sequence in this "branding ladder," that is, meaning cannot be established unless identity has been created; responses cannot occur

unless the right meaning has been developed; and a relationship cannot be forged unless the proper responses have been elicited.

Brand building blocks

Enacting the four steps to create the right brand identity, brand meaning, brand responses, and brand relationships are a complicated and difficult process. To provide some structure, it is useful to think of six "brand-building blocks" to accomplish the four steps necessary to create a strong brand. To connote the sequencing involved, these building blocks can be assembled as a brand pyramid. Creating significant brand equity involves reaching the pinnacle of the pyramid and will only occur if the right brand-building blocks are in place. The corresponding brandsteps represent different levels of the pyramid as illustrated in Figure 1.1 Figure 1.2 examines each of the building blocks in detail.
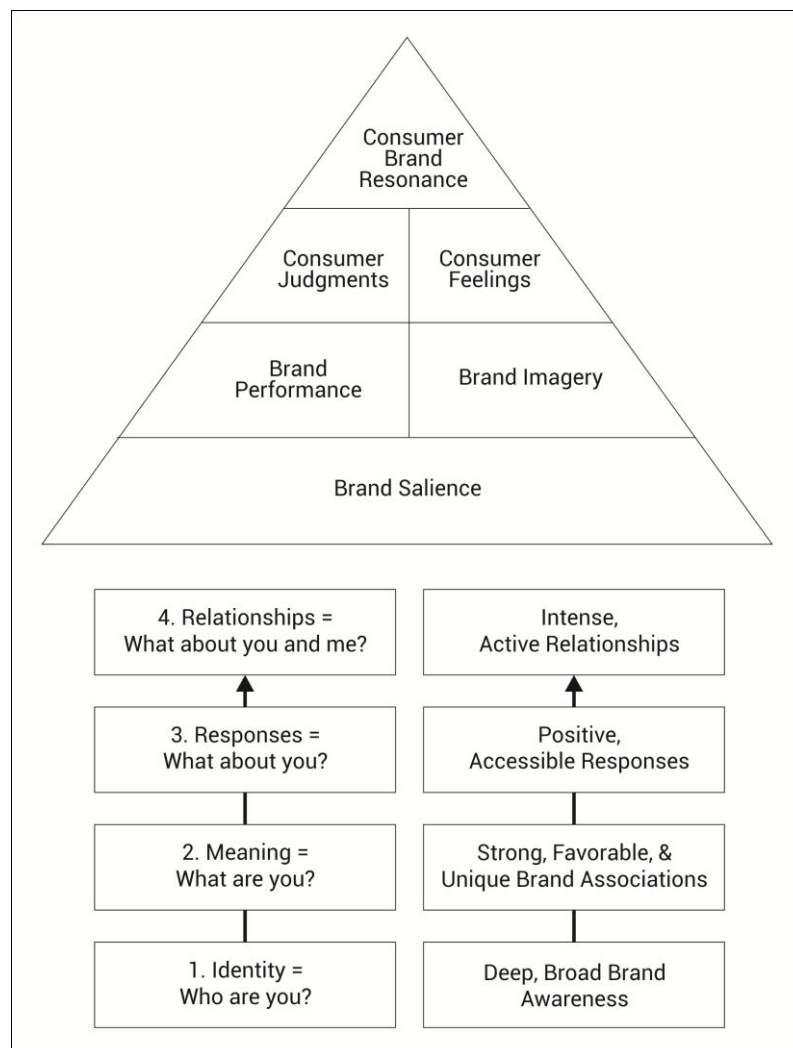
Consumer
Brand
Resonance

Consumer
Judgments

Consumer
Feelings

Brand
Performance

Brand Imagery

Brand Salience

| 4. Relationships =
What about you and me? | Intense,
Active Relationships |
| 3. Responses =
What about you? | Positive,
Accessible Responses |
| 2. Meaning =
What are you? | Strong, Favorable, &
Unique Brand Associations |
| 1. Identity =
Who are you? | Deep, Broad Brand
Awareness |

Fig 1.1 Customer-Based Brand Equity Pyramid

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Fig 1.2 Customer-Based Brand Equity Pyramid

Check your progress 2

1. The _____ provides a unique perspective on what brand equity is.

   a. Marketing

   b. Customer-Based Brand Equity model

2. The first step is to ensure identification of the brand with _____.

   a. customers

   b. Market

3. The second step is to firmly establish the _____ in the minds of customers.

   a. Brand meaning

   b. Brand image

4. The final step is to convert brand response to create an intense, active loyalty relationship between _____ and the brand.

   a. market

   b. customers

5. The third step is to elicit the proper customer responses to this brand identity and brand meaning.

   a. fourth

   b. third

1.4   Three Tools to Facilitate Brand Planning

The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Brand planning uses the following three interlocking models.

1. **The brand positioning model -** describes how to guide integrated marketing to maximize competitive advantages.

2. **The brand resonance model -** describes how to create intense, activity loyalty relationships with customers.

3. **The brand value chain -** is a means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments.

1.4.1   Brand Positioning Model

It describes how to establish competitive advantages via points of difference (associations unique to the brand that are also strongly held and favourably evaluated by consumers) and points-of-parity (associations shared with other brands that are designed to negate competitors' points-of-difference, overcome perceived vulnerabilities of the brand, or establish category credentials).

1.4.2   Brand Resonance Model

It considers how intense, active loyalty relationships are created with customers. The basic premise is that building a strong brand requires a series of steps as part of a "branding ladder" and a set of logically constructed "brand building blocks." Brand resonance occurs when consumers feels completely "in synch" with the brand. The second level of the model is where the output from the brand positioning model appears, in terms of which points-of-parity and points-of-difference are to be created with which performance and/or imagery associations.

1.4.3   Brand Value Chain Model

It describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments. The model examines four different stages in the value creation process for a brand. It considers how marketing activities affect the customer mind-set—as measured by all the building

blocks in the brand resonance model which, in turn, creates various marketplace outcomes and ultimately shareholder value.

The specific components of these three models are not as important as their purpose and scope. The models can both assist planning and measurement, and they can capture a full range of marketing activities for any type of brand. In particular, by tracing the effects of marketing activities through the customer mind-set, and on to various marketplace outcomes such as price premiums, loyalty, sales, market share and profitability, marketers can gain a clearer picture of how well their marketing is doing and why.

Check your progress 3

1. The _____describes how to create intense, activity loyalty relationships with customers.

   a. brand resonance model

   b. brand value chain

2. The _____ is a means to trace the value creation process for brands.

   a. brand value chain

   b. brand positioning model

3. The _____describes how to guide integrated marketing to maximize competitive advantages.

   a. brand positioning model

   b. brand value chain

4. _____considers how intense, active loyalty relationships are created with customers.

   a. brand value chain

   b. brand resonance model

5. _____ describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments.

   a. brand resonance model

   b. The brand value chain model

1.5   Designing Brand Identity

Achieving the right brand identity means creating brand salience with customers. Brand salience measures various aspects of the awareness of the brand and how easily and often the brand is evoked under various situations or circumstances. To what extent is the brand top-of-mind and easily recalled or recognized? What types of cues or reminders are necessary? How pervasive is this brand awareness? We've said that brand awareness refers to customers' ability to recall and recognize the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory. In particular, building brand awareness helps customers understand the product or service category in which the brand competes and what products or services are sold under the brand name. It also ensures that customers know which of their "needs" the brand through these products is designed to satisfy. In other words, what basic functions does the brand provide to customers?
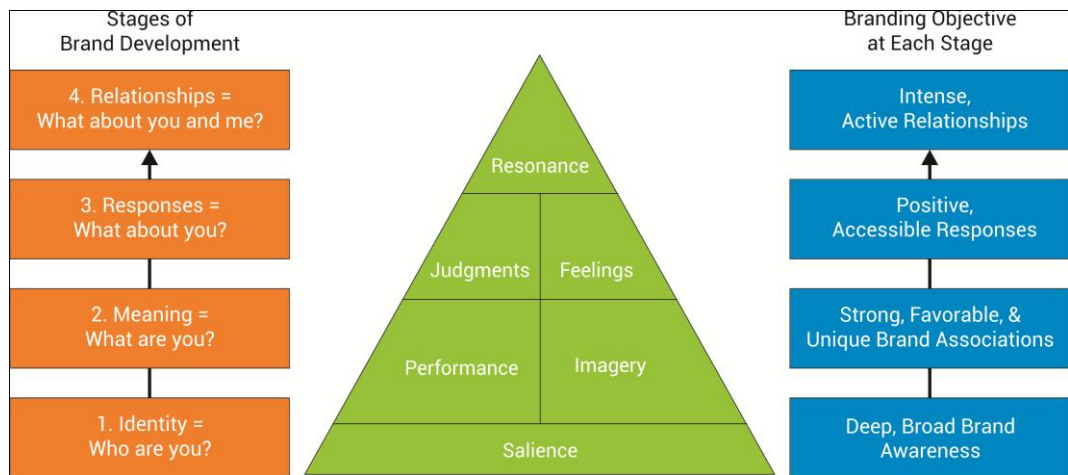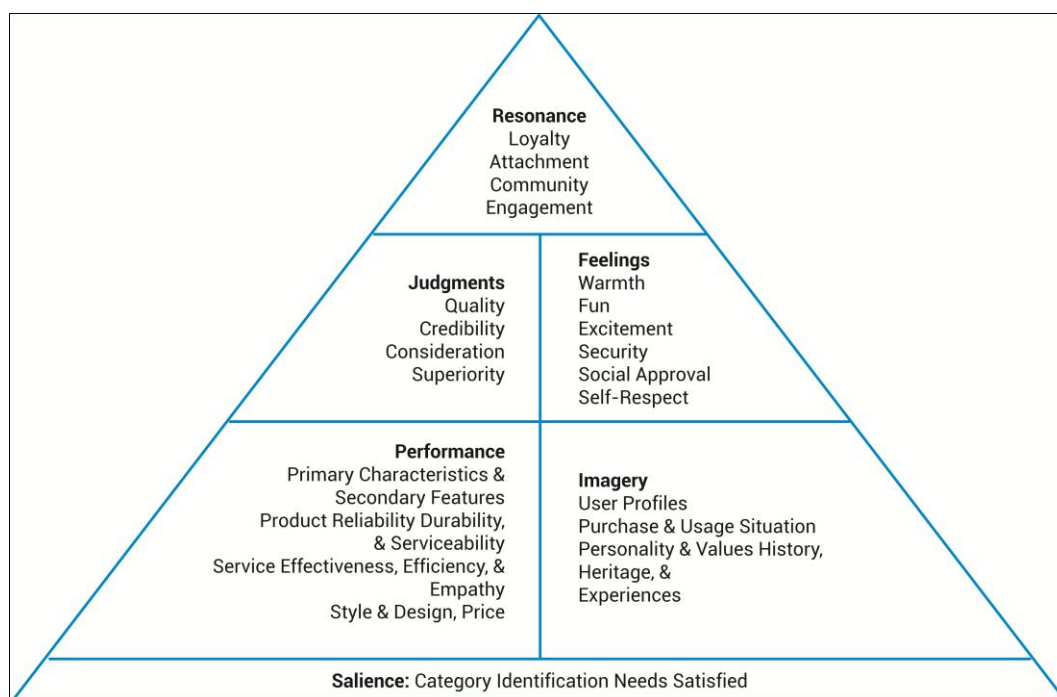

Fig 1.3 Brand Resonance Pyramid

Fig 1.4 Subdimensions of Brand Building Blocks

Breadth and Depth of Awareness

Brand awareness thus gives the product an identity by linking brand elements to a product category and associated purchase and consumption or usage situations. The depth of brand awareness measures how likely it is for a brand element to come to mind, and the ease with which it does so. A brand we easily recall has a deeper level of brand awareness than one that we recognize only when we see it. The breadth of brand awareness measures the range of purchase and usage situations in which the brand element comes to mind and depends to a large extent on the organization of brand and product knowledge in memory. To see how this works, consider the breadth and depth of brand awareness for Tropicana orange juice.

The Tropicana Case

Consumers should at least recognize the Tropicana brand when it is presented to them. Beyond that, consumers should think of Tropicana whenever they think of orange juice, particularly when they are considering buying orange juice. Ideally, consumers would think of Tropicana whenever they were deciding which type of beverage to drink, especially when seeking a "tasty but healthy" beverage. Thus, consumers must think of Tropicana as satisfying a certain set of needs whenever those needs arise. One of the challenges for any provider of

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orange juice is to link the product to usage situations beyond the traditional one of breakfast hence the industry campaign to boost consumption of Florida orange juice that used the slogan "It's Not Just for Breakfast Anymore".

Fig 1.5 The Tropicana Case

1.5.1   Brand Touching points

Every time the public, customer and employees experience your brand, trust and reputation is either created or destroyed through brand touch points.

Touch points are all the points your customer can come into contact with your brand. Controlling these touch points is critical to your brand's success. Your brand and its reputation is built in the mind of the customer by creating positive and motivating images, emotions and associations that are consistent in delivery creating a clear, focused image of your brand.

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Understanding the power of touch points opens up new possibilities for building strong brands. They now become the hundreds of places to spark dialogue and build relationships with your customer.

Brand touch points are your brand's moment of truth and where your brand is truly created.

1.5.2   Branding Ideals

Brand perception does matter. But what is more important is how you create and position that perception among your customers. Studies have shown that 75% of purchase decisions are based on emotion. The organizations that place value-over-price considerations to win hearts are usually armed with a well-defined, genuinely likeable brand. The benefits of defining your organization's values, voice, and market placement can include increased profits, and better customer and employee retention. Here are some effective ways to begin defining your organization, or jumpstart your current branding efforts:

1.   Assume an identity

Even if your product is similar to the store just across the street, you need to create a character that will make you unique amongst your competitors. So before you get everything else started, take the time to sit down, research, and brainstorm with your business partners (or with trusted friend and families, if you're flying solo) regarding the image you want to channel to the customers. Once you're convinced of an identity, stick with it.

2.   Know your audience

When done properly, this single piece of advice will build your business on a solid foundation. Your audience is one of the most important factors to consider when putting up a business simply because they are the ones who will buy your product.

Therefore, it is important that you familiarize yourself with your target market, so that you can tailor your products and services according to what they need and want. You can also look into more specific details, such as age groups, ethnicity, religion, and family background, as these other factors can also give you better insight on how you will market your product/service.

3. Identify your competition

As they say, keep your friends close and your enemies closer. This doesn't mean though that you should declare war with your competitors. What you basically have to do is identify who your rivals in the market are, and then study their strengths and weaknesses. Look out for aspects that you can develop when applied to your own business and see if you can eliminate or at least minimize the flaws.

4. Design an ingenious logo

Your logo may not be your business' be-all and end-all but it is the face of your brand, so you might as well make one that your audience will like and never forget. If you're not skilled at designing logos, you can hire a professional to do it for you. Just make sure that you incorporate your brand's message into the logo, be it with the font, colors, and overall format. Also, try to achieve a look that will make the logo as unique as possible.

5. Create a website

Whether you're going to sell online or in a brick-and-mortar shop, it would help your business a lot if you create a website for it. This is an ideal place for you to showcase your products and interact with your customers easily. In your website, you can include information, such as the company's history, products, a gallery, and even order forms for convenient transactions. Just make sure that you keep it professional all the time, aesthetic- and content-wise.

There are tons of articles and videos that can walk you through on how to set up a website.

6. Blog regularly

As an entrepreneur, part of your job is to keep your customers updated not just about your products but also of the industry in a level that they will understand and appreciate. Stemming from the tip above, you can accomplish these by regularly publishing blog posts on your website.

Write about your new products or relay to your customers the latest industry-related event you've attended through a short feature article. If your products require assembly or specific instructions, you can also make tutorials in video format to assist your customers even when they're not in the store. The idea here is to provide content that your customers will find highly useful and relatable.

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7. Engage in social media

The digital age affords today's customers the power to share anything they want in real time. Sharing can come in the form of posting on social media accounts whether they were satisfied or unhappy with an item they purchased.

To connect with your customer's better and learn what they think establish an active online presence by creating accounts on and exploring the features of the most popular social networking sites (e.g. Facebook and Twitter). Build your online community, and engage them in virtual conversations. This way, you'll get to know your customers more and improve your products/services based on their opinion.

8. Join related business events

If you haven't attended any industry-related events since you opened for business, the next one in the calendar would be a good start. Once you're there, get to know other participants. Who knows? You might just pick up a thing or two on how to improve your business.

Continue attending any workshops you think would add to your skills and knowledge. You should also try to join committees or organizations to further your know how and experience as an entrepreneur.

9. Encourage feedback

Your customers are the best judge of your products since they are the ones who take a chance on what you're selling. As such, it is always highly advisable to ask them for feedback, whether it's through your website, social networking sites, or the more traditional way of filling up printed forms. When they do, don't forget to thank them for their time. Some would even provide incentives (e.g. small freebies).

Remember that when asking for feedback, you always need to be courteous, even if you would come across some possible callous or downright negative comments.

10. Be consistent

Sure, the world is fast changing especially in light of the evolution of technology. Keep in mind, however, that you should be consistent with your brand's message without sacrificing the need to keep up with the trends.

Once your brand is starting to gain a foothold, stick to that message so you won't confuse your customers. Also, instead of trying out every single strategy

available, you might find it more effective to focus on which ones gave you positive results and then develop them.

So if you're looking forward to being that store everybody talk's about because it's just plain awesome, jumpstart your business plan with a corresponding awesome brand. Which of these tips are you going to incorporate to your strategies? Leave a comment below and share your thoughts!

1.5.3   Branding Elements, Name, Logo and More

Successful branding begins with a well-defined brand that is RELEVANT to your market. You might think that since you have a logo, tagline, and business card, you've completed your branding. But, unless you've carefully considered and defined ALL five of the key brand elements—position, promise, personality traits, story, and associations—you still have work to do.

And, until you've infiltrated your brand into every level of your organization and built the discipline of CONSISTENCY into every behavior, action, or communication—both internally and externally—you are not yet on the path to a successful brand strategy.

Five Key Brand Elements:

1.   Brand Position

The Brand Position is the part of the brand that describes what your organization does and for whom, what your unique value is and how a customer benefits from working with you or your product/service, and what key differentiation you have from your competition. Once you've defined your brand position, make it available in 25, 50, and 100 word versions.

2.   Brand Promise

The Brand Promise is the single most important thing that the organization promises to deliver to its customers—EVERY time. To come up with your brand promise, consider what customers, employees, and partners should expect from every interaction with you. Every business decision should be weighed against this promise to be sure that a) it fully reflects the promise, or b) at the very least it does not contradict the promise.

3.   Brand Personality

Brand Traits illustrate what the organization wants its brand to be known for. Think about specific personality traits you want prospects, clients, employees,

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and partners to use to describe your organization. You should have 4-6 traits (5 is ideal), each being a single term (usually an adjective).

4.   Brand Story

The Brand Story illustrates the organization's history, along with how the history adds value and credibility to the brand. It also usually includes a summary of your products or services.

5.   Brand Associations

Brand Associations are the specific physical artifacts that make up the brand. This is your name, logo, colors, taglines, fonts, imagery, etc. Your brand associations must reflect your brand promise, ALL of your brand traits, and support your brand positioning statement.

Check your progress 4

1. Achieving the right brand identity means creating brand salience with _____.

   a. products

   b. customers

2. The _____of brand awareness measures how likely it is for a brand element to come to mind.

   a. depth

   b. breadth

3. The _____ of brand awareness measures the range of purchase and usage situations in which the brand element comes to mind.

   a. depth

   b. breadth

4. _____ points are all the points your customer can come into contact with your brand.

   a. Touch

   b. Logo

5. Brand _____ does matter.

   a. Perception

   b. Logo

1.6 Let Us Sum Up

After going through this block we have learnt much about the brand building and we have known that brand buildng is an integral aspect of personal and business development. It not only increases the voice and consumer awareness of a brand, but it also gives it an identity and worth. The CBBE concept approaches brand equity from the perspective of the consumer, whether the consumer is an individual or an organization or an existing or prospective customer. Building a strong brand is the goal of many organizations. Building a strong brand with significant equity is seen as providing a host of possible benefits to a firm, including greater customer loyalty and less vulnerability to competitive marketing actions and marketing crises, larger margins as well as more favourable customer response to price increases and decreases, greater trade or intermediary cooperation and support, increased marketing communication effectiveness, and licensing and brand-extension opportunities.

So this unit is going to be of great help to the students of management in understanding the brand building process

The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Brand planning uses the following three interlocking models.

1.7 Answers for Check Your Progress

Check your progress 1

Answers: (1-a), (2-b), (3-a), (4-a), (5-a)

Check your progress 2

Answers: (1-b), (2-a), (3-a), (4-b), (5-b)

Check your progress 3

Answers: (1-a), (2-a), (3-a), (4-b), (5-b)

Check your progress 4

Answers: (1-b), (2-a), (3-b), (4-a), (5-a)

1.8   Glossary

1.   **Brand Equity -** a set of brand assets that add to the value assigned to a product.

2.   **Market Penetration -** the number of households within an area that purchased a product as a percentage of total households that bought in that product's category.

1.9   Assignment

Write a note on brand building process.

1.10   Activities

What do you understand by Customer based brand equity? Comment.

1.11   Case Study

Explain brand identity.

1.12   Further Readings

1.   Marketing Management (Twelfth Edition) – Philip Kotler.

2.   The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.   The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.   Positioning: The Battle for Your Mind **-** Al Ries and Laura Ries.

5.   Marketing Warfare - Al Ries and Laura Ries.

6.   Competitive Strategy – Michael E Porter.

UNIT 2: THE STRATEGIC BRAND MANAGEMENT PROCESS

Unit Structure

2.0   Learning Objectives

After learning this unit, you will be able to understand:

- The Elements of the Brand Management Process.

- Identifying Brand Associations

- Types of Associations

2.1   Introduction

The Strategic Brand Management process adds value to the company's products and services by creating a unique identity in the marketplace. It allows the company to differentiate itself from its competitors, and communicate its message and market position in a consistent and holistic manner.

2.2   The Elements of the Brand Management Process

Strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity. In this text, we define the strategic brand management process as having four main steps

1.   Identifying and Establishing Brand Positioning and Values.

2.   Planning and Implementing Brand Marketing Programs.

3.   Measuring and Interpreting Brand Performance.
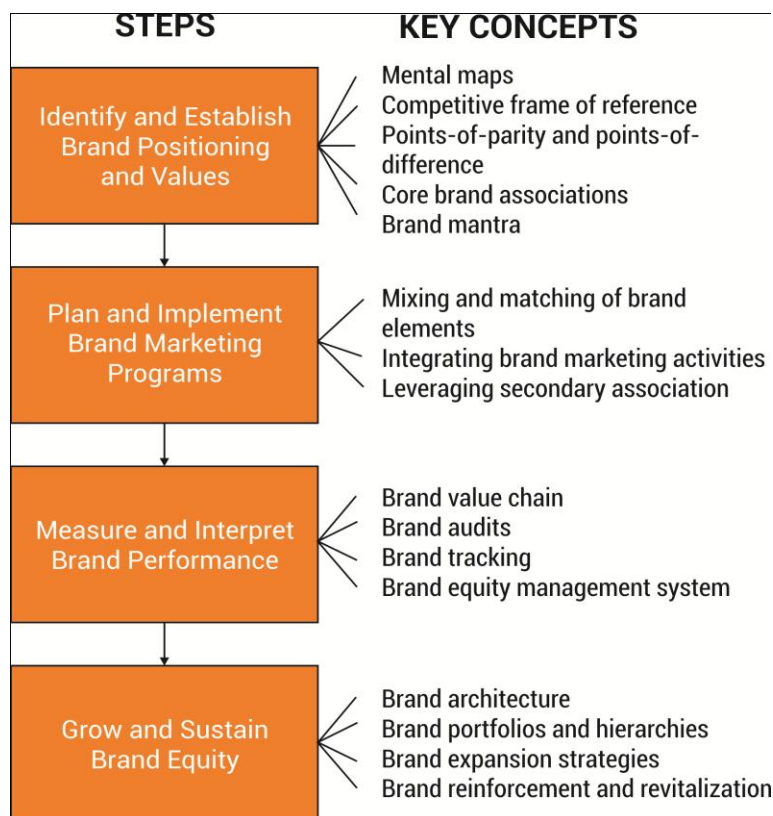
4.   Growing and sustaining brand equity.

Fig 2.1 Strategic Brand Management Process

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2.2.1   Identifying and Establishing Brand Positioning and Values

The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Brand planning, uses the following three interlocking models.

- The brand positioning model describes how to guide integrated marketing to maximize competitive advantages.

- The brand resonance model describes how to create intense, activity loyalty relationships with customers.

- The brand value chain is a means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments.

2.2.2   Planning and Implementing Brand Marketing Programs

Building brand equity requires properly positioning the brand in the minds of customers and achieving as much brand resonance as possible. In general, this knowledge building process will depend on three factors:

1. The initial choices of the brand elements making up the brand and how they are mixed and matched;

2. The marketing activities and supporting marketing programs and the way the brand is integrated into them and

3. Other associations indirectly transferred to or leveraged by the brand as a result of linking it to some other entity (such as the company, country of origin, channel of distribution, or another brand).

Some important considerations of each of these three factors are as follows.

Choosing Brand Elements: The most common brand elements are brand names, URLs, logos, symbols, characters, packaging, and slogans. The best test of the brand-building contribution of a brand element is what consumers would think about the product or service if they knew only its brand name or its associated logo or other element. Because different elements have different advantages, marketing managers often use a subset of the entire possible brand elements or even all of them.

Integrating the Brand into Marketing Activities and the Supporting Marketing Program: Although the judicious choice of brand elements can make some contribution tobuilding brand equity, the biggest contribution comes from marketing activities related to the brand. This text highlights only some particularly important marketing program considerations for building brand equity.

Leveraging Secondary Associations: The third and final way to build brand equity is to leverage secondary associations. Brand associations may themselves be linked to other entities that have their own associations, creating these secondary associations. For example, the brand maybe linked to certain source factors, such as the company (through branding strategies), countries or other geographical regions (through identification of product origin), and channels of distribution (through channel strategy), as well as to other brands (through ingredients or co-branding), characters (through licensing), spokespeople (through endorsements), sporting or cultural events (through sponsorship), or some other third-party sources (through awards or reviews).Because the brand becomes identified with another entity, even though this entity may not directly relate to the product or service performance, consumers may infer that the brand shares associations with that entity, thus producing indirect or secondary associations for the brand.

2.2.3   Measuring and Interpreting Brand Performance

To manage their brands profitably, managers must successfully design and implement a brand equity measurement system. A brand equity measurement system is a set of research procedures designed to provide timely, accurate, and actionable information for marketers so that they can make the best possible tactical decisions in the short run and the best strategic decisions in the long run. Implementing such a system involves three key steps conducting brand audits, designing brand tracking studies, and establishing a brand equity management system. The task of determining or evaluating a brand's positioning often benefits from a brand audit. A brand audit is a comprehensive examination of a brand to assess its health, uncover its sources of equity, and suggest ways to improve and leverage that equity. A brand audit requires understanding sources of brand equity from the perspective of both the firm and the consumer. Once marketers have determined the brand positioning strategy, they are ready to put into place the actual marketing program to create, strengthen, or maintain brand associations.

Brand tracking studies collect information from consumers on a routine basis over time, typically through quantitative measures of brand performance on a number of key dimensions marketers can identify in the brand audit or other means. A brand equity management system is a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. Three major steps help implement a brand equity management system: creating brand equity charters, assembling brand equity reports, and defining brand equity responsibilities.

2.2.4　　　Growing and Sustaining Brand Equity

Maintaining and expanding on brand equity can be quite challenging. Brand equity management activities take a broader and more diverse perspective of the brand's equity understanding how branding strategies should reflect corporate concerns and be adjusted, if at all, over time or over geographical boundaries or multiple market segments.

Check Your Progress 1

1. The strategic brand management process starts with a clear understanding of how it should be positioned with respect to_____.

a. competitors

b. customers

2. The _____ describes how to guide integrated marketing to maximize competitive advantages.

a. brand positioning model

b. Brand equity management

3. Building brand equity requires properly positioning the brand in the minds of _____ and achieving as much brand resonance as possible.

a. customers

b. competitors

4. The third and final way to build brand equity is to_____ secondary associations.

a. leverage

b. Operating leverage

2.3   Identifying Brand Associations

Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. For example- The Nike Swoosh, Nokia sound, Film Stars as with "Lux", signature tune Ting-ting-ta-ding with Britannia, Blue colour with Pepsi, etc. Associations are not "reasons-to-buy" but provide acquaintance and differentiation that's not replicable. It is relating perceived qualities of a brand to a known entity. For instance- Hyatt Hotel is associated with luxury and comfort; BMW is associated with sophistication, fun driving, and superior engineering. Most popular brand associations are with the owners of brand, such as - Bill Gates and Microsoft, Reliance and Dhirubhai Ambani.

Brand association is anything which is deep seated in customer's mind about the brand. Brand should be associated with something positive so that the customers relate your brand to being positive. Brand associations are the attributes of brand which come into consumers mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name. Brand association can also be defined as the degree to which a specific product/service is recognized within its product/service class/category. While choosing a brand name, it is essential that the name chosen should reinforce an important attribute or benefit association that forms its product positioning. For instance - Power book.

Brand associations are formed on the following basis:

Customers contact with the organization and its employees;

Advertisements;

Word of mouth publicity;

Price at which the brand is sold;

Celebrity/big entity association;

Quality of the product;

Products and schemes offered by competitors;

Product class/category to which the brand belongs;

POP (Point of purchase) displays, etc.

2.4   Types of Associations

A thorough conceptualization of brand image is also a part of customer-based brand equity. Brand image is 'perceptions about a brand as reflected by the brand associations held in consumer memory. Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers' (Keller 1993, p. 3).Until 1993 the term brand image became increasingly used and the need for managing the brand image over time became emphasized: 'The relationship between a brand's concept and its image must be managed throughout the life of the brand' (Park et al. 1986, p. 137). Despite growing interest, it was quite unclear what brand image was. In the customer-based brand equity framework, the associations related to brand image consist of several types of associations relating to attributes, benefits and attitudes.

1. **Attributes are descriptive features characterizing a product or a service-**

   - Product-related attributes are associations directly associated with the product or the service. It could be the physical appearance of a car and the feel of driving it.
   - Non-product-related attributes are external aspects related to its purchase or the consumption of it. There are four groups of non-product-related attributes that are taken into account: price information, packaging, user imagery (an impression of the type of person that consumes the brand) and use image (impressions of the context of brand use).

2. **Benefits are personal values attached to the brand by the consumer -** They are idiosyncratic evaluations or expectations of what the brand can do for the consumer. Benefits fall into three categories; functional, experiential, and symbolic.

   - Functional benefits are personal expectations of what the product can do for consumers. They correspond to the product-related features but are more personal evaluations; the functional benefits are thus less objective than the product-related attributes.
   - Experiential benefits relate to the sensory experience of using the brand. What does it feel like to use the brand? What kind of pleasure will i obtain from consuming the brand? This aspect provides variety for the consumer and satisfies hedonic consumption needs.
   - Symbolic benefits are about self-expression and the way we signal to others by means of consumption objects.

3. **Brand attitudes are the last class of brand associations in the map of brand image -** Brand attitudes are consumers' overall evaluations of the brand. This overall evaluation is very important as it often guides brand choice.

To recapitulate, a brand (of which the consumer is aware) is a node in an associative network of brand knowledge. The brand name triggers a spreading activity and associations pop up. Some associations pop up faster and more immediately.

Check your progress 3

1. A thorough conceptualization of brand image is also a part of _____.

    a. brand associations

    b. customer-based brand equity

2. _____is 'perceptions about a brand as reflected by the brand associations held in consumer memory.

    a. brand associations

    b. Brand image

3. The relationship between a brand's concept and its _____ must be managed throughout the life of the brand'.

    a. image

    b. Brand image

4. _____are personal values attached to the brand by the consumer.

    a. Benefits

    b. Brand attitudes

5. _____are the last class of brand associations in the map of brand image.

    a. Brand attitudes

    b. Benefits

2.5   Let Us Sum Up

So after going through this unit we understood about the Strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity. In this text, we define the strategic brand management process as having four main steps

1.   Identifying and Establishing Brand Positioning and Values.

2.   Planning and Implementing Brand Marketing Programs.

3.   Measuring and Interpreting Brand Performance.

4.   Growing and sustaining brand equity.

Brand Associations are not benefits, but are images and symbols ssociated with a brand or a brand benefit. Brand association is anything which is deep seated in customer's mind about the brand. A thorough conceptualization of brand image is also a part of customer-based brand equity. Brand image is 'perceptions about abrand as reflected by the brand associations held in consumer memory. So this unit is going to be of great help for the readers in understanding the basic concepts to typical concepts relating to the cocept of the unit.

2.6 Answers for Check Your Progress

| Check your progress 1 |

Answers: (1-a), (2-a), (3-a), (4-a)

| Check your progress 2 |

Answers: (1-a), (2-b), (3-a), (4-b)

| Check your progress 3 |

Answers: (1-b), (2-b), (3-a), (4-a), (5-a)

2.7 Glossary

1. **Brand image -** the general impression of a product held by real or potential consumers.

2.8 Assignment

Write a brief note on strategic brand management.

2.9 Activities

Discuss the various steps of strategic brand management processs.

2.10 Case Study

Write a brief note on brand association.

2.11 Further Readings

1. Marketing Management (Twelfth Edition) – Philip Kotler.

2. The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3. The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4. Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5. Marketing Warfare - Al Ries and Laura Ries.

6. Competitive Strategy – Michael E Porter.

UNIT 3: BUILDING BRAND PORTFOLIOS

Unit Structure

3.0 Learning Objectives

After learning this unit, you will be able to understand:

- Branding Philosophies

- The various Brand Growth Strategies

3.1   Introduction

When large businesses operate under multiple different brands, services and companies, a brand portfolio is used to encompass all these entities under one umbrella. Often, each of these brands has its own separate trademarks and operates as an individual business entity. However, for marketing purposes, a brand portfolio is used to group them all together. Brand portfolios are also used to lessen consumer confusion in regard to who owns particular brands.

3.2   Branding Philosophies

The "Brand Relationship spectrum" describes the different "product-market context role" alternatives. It consists of four main strategies and nine subgroup strategies. These strategies and their connections are illustrated in "Brand relationship spectrum", (See Figure 3.1). At the top of the spectrum, "House of Brands" strategy allows the brands to have the entire driver role which decreases moving downwards on the spectrum, first comes "Endorsed Brands" strategy, where the master brand has a little driver role, then comes "Subbrands" where the master brand and the subbrand shares the driver roles. At the bottom "Branded House" strategy can be found, it is characterized by allowing the master brand to have the entire driver role. Below, each of these strategies will be described in details.
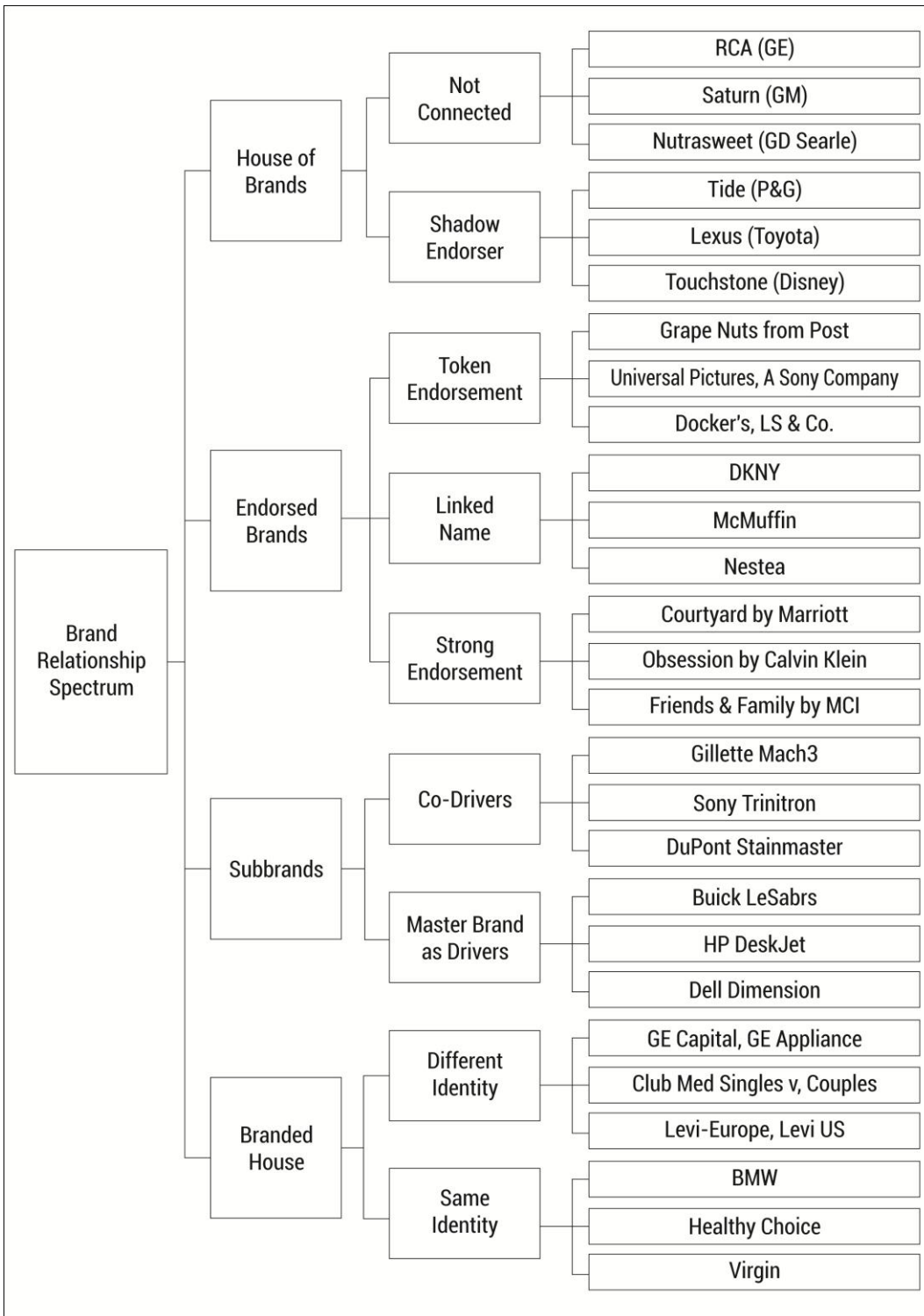
Fig 3.1 Brand relationship spectrum

3.2.1 The Branded House

"Branded house" strategy is characterized by a master brand which possess the entire driver role. The strategy is considered to be very risky since it forces the master brand to struggle with keeping all the brands in the portfolio attractive, and at the same time, to provide the desired superiority and attractiveness to the commodities in the marketplace. Companies like IBM and Boeing use the strategy with aim to control market sections and become the biggest players in these thanks to their established and strong brands that can be extended easily.

The advantages with the "Branded House" strategy are recognized when it comes to clearness, interaction and extension.The company Virgin is successfully implementing the strategy. Virgin organization stands for quality in their services, novelty, entertaining, etc. Clients of the company are aware of these values and are convinced that these are also reflected in the products and services provided by Virgin. By using the strategy Virgin benefits from one of the greatest advantages it provides; clearness. Another unique advantage with the strategy concerns interaction. The Virgin organization gets the opportunity to capitalize on new markets by applying its brand reputation in one market to another. The last advantage is concerned with extension. In the Virgin case, the brand is easily transferred applied to new markets in order to capture new opportunities.

"Branded house" strategy consists also by two subgroup strategies, these are: "Different identity" and "Same identity".

"Different identity" is a phenomenon that can be observed when a specific brand is used in several market sections, nations or commodities. If the brand represents different identities in different environments there is a risk that it can face with identity problems. This can result in a poorly performed brand architecture building for the affected company.

The other strategy, "Same identity" describes a phenomenon where the brand has a unique identity and "position" in every context it operates. In this case, the risk to damage a brand is quite high since the strategy can affect the performance of a brand negatively. The preferred scenario is to create reasonable amount of identities with same shared features. Moreover, there have to be clear differences between the identities.

3.2.2   Sub-Brands

The decreasing driver role is quite obvious within this strategy since the master brand possesses the main part of it and plays a major role in the customers` purchasing decisions. The main task of sub brands is to help the master brand to reach new market segments through providing the desired features to the master brand.

The subgroups belonging to this strategy are: "Co- drivers" and "Master brand as driver". The first one is distinguished from the second choice when it comes to the level of decision making about the purchase among customers. "Co-driver" strategy splits the driver role equally between the master brand and the sub brand that means both play large roles in the purchasing decision from customers' perspective. One company which has implemented this type of strategy is Gillette Mach3 where the driver role is equally allocated between brands. In the second case, a master brand possesses the ability to affect the purchasing decision on the market since it can be considered as an established brand with significant popularity and loyalty among customers. The strategy is successfully implemented by Dell for the brand Dell Dimension. In this situation the master brand Dell has the major driver role while the subbrand Dimension has a minor driver role. That means clients purchase the product because of the popularity of the master brand, Dell.

3.2.3   Endorsed Brands

In this strategy, the brands still have a large self-determining ability. Compared to the previous strategy, the only difference is that, brands are in most cases supported by an organizational brand. Doing so, the supported brand obtains reliability, (Laforet & Saunders, 2005), carried out a study where they investigated the popularity of different brand strategies among companies. The study shows that "Endorsed brands" as a strategy is a very common and popular strategy and its usage has increased among the investigated companies.

Within "Endorsed brands" two separate subgroup strategies can be identified: "Token endorser" and "Linked name".

"Token endorser" means that a supported brand receives the necessary reliability through endorsement by a master brand. As in the case with the "shadow endorser", the supported brand still keeps its independence to build its own links. Some common criteria which strengthen the effects of the "token

endorser" strategy are; the popularity of the endorser, the company Nestlé fulfills this requirement. Another one arises when an endorser is belonging to a respected and well known product category, this will be of great help due to its capacity to develop and launch new products. Despite the benefits a "token endorser" provides, there are some misunderstandings regarding the ability of the strategy. Insituations, when the ability of a "Token endorser" is overestimated and if the supported brand has a poor reputation, the strategy becomes weak. There are also cases when the supported brand has the desired reputation and popularity that means the necessity of a "Token endorser" is not of any help for a brand to progress.

"Linked name" is concerned with categories of brands which share a name with similar features. These brands are supported by an inexplicit endorser. The fast food Company McDonalds implements this type of strategy. Several meals offered by its restaurants are characterized by using the term "Mc" which signals the connection to the McDonalds Company that in this case acts as an endorser. The strategy allows McDonalds to offer a wide range of products and also to avoid building new brands which is a more expensive alternative.

"Strong endorsement" is characterized by an established difference between the corporate brand and product brands. Marriot Hotels and Suits is a corporation brand and Marriot Hotels is considered to be the product offered by the corporation. When Marriot Hotels and Suites decided to back up Courtyard and Fairfield Inc., the support was provided by the corporate brand, Marriot Hotels and Suites. Doing so, the product brand Marriot retains its characteristics due to the discrete between the product brand and corporate brand. However, endorsement of a brand can occur by many reasons. For instance, Nestle received desirable competitive advantages by its endorsement of Kit-Kat in United Kingdom. Kit-Kat as a preeminent chocolate brand strengthened the image of Nestle by linking it with a sense of superiority in the chocolate industry.

A strong endorser usually is characterized by putting its brand name on the product (the endorsed brand) in that way which makes the existence of the endorser quite obvious to the eye. He means that the phenomenon cans be seen in Ralph Lauren's endorsement of Polo Jeans.

3.2.4   The House of Brands

This strategy allows the all brands to have their own "driver role", characterized by a major self-determining opportunity and a slight connection to the "master brand", and the other brands in the brand portfolio. That means every single brand adopts a position based on "functional benefits" and helps the brands become the major players on specific market sections.

The strategy consists of two subgroups: "Not connected" and "Shadow endorser". "Not connected" refers to brands, where each operates autonomously on the market. Their connection to the corporate brand is almost invisible. The company P&G is successfully implementing this type strategy. Doing so, the company gets the opportunity to target and control small but profitable sections on the market. P&G's hair shampoo brands are an excellent example of how powerful and profitable the "Not connected" strategy is. Instead of putting the master brand on their shampoo tubs, they allow each product in the range, to benefit from their own brand names. In this way the company controls entire market sections where the products are offered. Other identified advantages associated with the strategy are eluding uncomfortable connections when a company decides to launch or add a new brand to its portfolio. VW will influence the reputation of brands like Porsche or Audi among customers in case of a clear, visible association to it. Another advantage is the announcement of radical benefits of a new product. This is what Toyota did when they launched the Lexus brand where a clear distinction to the master brand gives the Lexus brand a sense of luxury.

However, the strategy has it weaknesses also. For instance, P&G misses the opportunity to extend the master brand to other business areas by implementing the "House of Brand" strategy. Acting in this way, P&G jeopardizes potential profits and interactions that brand extension can result in. Moreover, the brands under the P&G umbrella, which don't have the ability to back up investments with necessary financial resources, risk facing diminution in their profits. Finally, independent brands belonging to the company have a tendency to offer a limited number of offerings. That means without any possibility to an extension, the independent brands loses out their abilities to launch more products.

"Shadow endorser" is the second type subgroup belonging to the "House of Brand" strategy and is characterized by brands with an invisible link to the supported brands. Despite this invisible link, the main parts of the consumers are aware of it. The major benefit of practicing the subgroup strategy is the

recognition of belongingness to a famous company. From the perspective of the "shadow endorser" reducing the connection to the supported brand is the desired goal. Doing so, the "shadow endorser" points out, that the supported brand, stands for a completely new product with focus on its market section. Additionally, the supported brand has the freedom to establish its own image, character and reputation. Among companies applying the strategy, most known are Lexus supported brand by Toyota, Dockers by Levi-Strauss and DeWalt supported by Black&Decker,

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Check your progress 1

1. The "_____" describes the different "product-market context role" alternatives.

   a. Endorsed Brands

   b. Brand Relationship spectrum

2. First comes "_____ strategy, where the master brand has a little driver role.

   a. Branded House

   b. Endorsed Brands

3. At the bottom "_____" strategy can be found.

   a. Branded House

   b. Brand Relationship spectrum

4. The advantages with the "_____" strategy are recognized when it comes to clearness, interaction and extension.

   a. Endorsed Brands

   b. Branded House

5. "_____" is a phenomenon that cans be observed when a specific brand is used in several market sections, nations or commodities.

   a. Same identity

   b. Different identity

3.3 Brand Growth Strategies

3.3.1 Flanker/Fighting Brands

Fighter brands are one of the oldest strategies in branding. In a classic response to low priced rivals an organization launches a cheaper brand to attack the threat head on and protect their premium priced offerings. Unlike flanker brands or traditional brands that are designed with a set of target consumers in mind, fighter brands are specifically created to combat a competitor that is threatening to steal market share away from a company's main brand. Fighter brands are usually a classic recession strategy. As value competitors gain share and private labels grow stronger − an increasing number of marketers turn to a fighter brand to rescue disappearing sales while maintaining their premium brand's equity.

When a fighter brand strategy works it not only defeats a low priced competitor but also opens up a new market. Intel Celeron is a notable case study of successful fighter brand application. Despite the success of its Pentium chips, Intel faced a major threat during the late Nineties from competitors like AMD's K6 chips that were cheaper and better placed to serve the emerging low-cost PC market. Intel wanted to protect the brand equity and price premium of its Pentium chips but also wanted to avoid AMD gaining a foothold into the lower end of the market. So it created Celeron as a cheaper, less powerful version of its Pentium chips to serve this market and keep AMD out. Intel's subsequent 80% share of the global PC market is testament to the potential of a successful fighter brand to help restrict competitors and open up additional segments of the market.

3.3.2 Line Extensions

A line extension uses a current brand name to enter a new market segment in the existing product class, say with new varieties, new flavors, or new sizes. Academic research has shown that well-known and well regarded brands can extend more successfully and into more diverse categories than other brands. In addition, the amount of brand equity has been shown to be correlated with the highest or lowest-quality member in the product line for vertical product extensions. Research has also shown that positive symbolic associations may be the basis of these evaluations, even if overall brand attitude itself is not necessarily high. Brands with varied product category associations through past extensions have been shown to be especially extendable. As a result, introductory

marketing programs for extensions from an established brand may be more efficient than others. Several studies have indicated that extension activity has aided (or at least did not dilute) brand equity for the parent brand. For instance, brand extensions strengthened parent brand associations, and "flagship brands" were highly resistant to dilution or other potential negative effects caused by negative experiences with an extension. Research has also found evidence of an ownership effect; whereby current owners generally had more favorable responses to brand line extensions. Finally, extensions of brands that have both high familiarity and positive attitudes have been shown to receive higher initial stock market reactions than other brands.

3.3.3   Brand Extensions

A brand can be extended into new product categories. Brand extensions are often necessary when adapting to changes in the environment or in order to reap the full benefits of a strong brand. Extensions have many benefits. In the beginning, brand extensions were used as a strategic tool mainly to enter new markets. Today, brand extensions are also used to underpin and develop the brand to meet market changes. A successful brand extension should respect the brand essence and thereby be based on the core of the brand and be true to the brand vision. If a brand 1 extended to a product category or to clients in a way that does not at all consider the core of the original brand, both brands risk dilution.

3.3.4   Successful Brand Extensions

Successful brand extensions occur when the parent brand has favorable associations and consumers perceive a fit between the parent brand and the extension product. To better understand the process by which consumers evaluates a brand extension; many academic researchers have adopted a "categorization" perspective. Categorization research has its roots in psychological research, showing that people do not deliberately and individually evaluate

Each new stimulus to which they are exposed. Instead, they usually evaluate a stimulus in terms of whether they can classify it as a member of a previously defined mental category. We could argue that consumers use their categorical knowledge of brands and products to simplify, structure, and interpret their marketing environment.   For example, consumers may see brands as categories that over time have acquired a number of specific attributes based on

their individual members. As Method has expanded its range of cleaning products, consumers might develop stronger brand associations to "modern designs" and "environmentally friendliness."

In this categorization perspective, if consumers saw a brand extension as closely related or similar to the brand category, they could easily transfer their existing attitude about the parent brand to the extension. If they were not as sure about the similarity, they might evaluate the extension in a more detailed, piecemeal fashion. In this case, the strength, favorability, and uniqueness of salient brand associations would determine how they viewed the extension.

Thus, a categorization view considers consumers' evaluations of brand extensions to be a two-step process. First, consumers determine whether there is a match between what they know about the parent brand and what they believe to be true about the extension. Then, if the match is good; consumers might transfer their existing brand attitudes to the extension.

Check your progress 2

1. Fighter brands are one of the oldest strategies in _____.

  a branding

  b. brand extension

2. _____ are usually a classic recession strategy.

  a. Fighter brands

  b. brand extension

3. A _____ uses a current brand name to enter a new market segment in the existing product class.

  a. brand extension

  b. line extension

4. _____ are often necessary when adapting to changes in the environment.

  a. Brand extensions.

  b. Categorization

---

5. _____ research has its roots in psychological research.

a. Brand extensions

b. Categorization

3.4   Let Us Sum Up

In this unit we made a very detailed discussion on the brand portfolios. Here the gist of this unit that we studied is that when large businesses operate under multiple different brands, services and companies, abrand portfolio is used to encompass all these entities under one umbrella it is known as brand portfolios.

The "Brand Relationship spectrum" describes the different "product-market context role" alternatives.

"Branded house" strategy is characterized by a master brand which possess the entire driver role.

The advantages with the "Branded House" strategy are recognized when it comes to clearness, interaction and extension.

From this detailed discussion the students have surely very well understood the topic of brand portfolios.

3.5   Answers for Check Your Progress

Check your progress 1

Answers: (1-b), (2-b), (3-a), (4-b), (5-b)

Check your progress 2

Answers: (1-a), (2-a), (3-b), (4-a), (5-b)

3.6   Glossary

1.   **Portfolio -** It is a collection of similar type of things.

2.   **Spectrum –** It is a condition that is not limited to a specific set of values but can vary infinitely within a continuum.

3.7   Assignment

Write a note on brand portfolios.

3.8   Activities

Write a note on Brand Architecture.

3.9   Case Study

Discuss the brand relationship spectrum .

3.10   Further Readings

1.   Marketing Management (Twelfth Edition) – Philip Kotler.

2.   The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.   The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.   Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5.   Marketing Warfare - Al Ries and Laura Ries.

6.   Competitive Strategy – Michael E Porter.

Block Summary

This has been a very interesting block which mainly focused its discussion on brand building and planning, the strategic brand management process and lastly on brand portfolios. The whole content has been divided into three units. Unit 1 discussed Brand Planning and Building; Unit 2 discussed The Strategic Brand Management Process whereas the unit 3 discusses Building Brand Portfolios.

Unit 1 focussed its discussion on brand planning and building which mainly discussed the the Concept of Customer-Based Brand Equity, how to build Customer-Based Brand Equity, the three Tools to Facilitate Brand Planning were also discussed here, the later part of this unit covered the topics Designing Brand Identity.Unit 2 covered the topic Brand Management Process here a detailed discussion was made on Planning and Implementing Brand Marketing Programs, Measuring and Interpreting Brand Performance, Growing and Sustaining Brand Equity. Identifying Brand Associations, Types of Associations. Lastly the unit 3 of the block covered the Branded House, Sub-Brands, Endorsed Brands and The House of Brands. Brand Growth Strategies: Flanker/Fighting Brands, Line Extensions, Brand Extensions and Successful Brand Extensions.So this unit gave a very through knowledge on one another aspect of brand. I hope this information is going to be very helpful for the students.

Block Assignment

Short Answer Questions

1. Brand planning

2. Brand portfolios

3. Brand resonance model

4. The house of brands

5. Brand extension

Long Answer Questions

1. How will you design brand identity?

2. What is brand positioning and how it is attained?

3. Discuss the various brand architectures.

Enrolment No. [   ]

1. How many hours did you need for studying the units?

Unit No	1	2	3	4
Nos of Hrs				

2. Please give your reactions to the following items based on your reading of the block:

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	_____
Language and Style	☐	☐	☐	☐	_____
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	_____
Conceptual Clarity	☐	☐	☐	☐	_____
Check your progress Quest	☐	☐	☐	☐	_____
Feed back to CYP Question	☐	☐	☐	☐	_____

3. Any Other Comments

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BRAND MANAGEMENT

BLOCK 1:
BASICS OF BRAND
MANAGEMENT

Dr. Babasaheb Ambedkar Open University
Ahmedabad

> **Education is something which ought to be brought within the reach of every one.**
>
> **- Dr. B. R. Ambedkar**

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BRAND MANAGEMENT

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ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self-instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual-skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self-instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

PREFACE

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

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Dr. Babasaheb Ambedkar Open University

PGDM-201

BRAND MANAGEMENT

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BRAND MANAGEMENT

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BRAND MANAGEMENT

BLOCK 3: BRAND EQUITY AND BRAND VALUE

BLOCK 3: BRAND EQUITY AND BRAND VALUE

Block Introduction

As already discussed the importance of brand management can never be under estimated in this discussion we discuss many more points relating to brand in this block.

This block is divided into three units discusses about the Basics of Brand Equity and Brand Value under unit 1, whereas unit 2 discusses about brand positioning whereas unit 3 discusses about the brand Repositioning. The points that have been discussed over here are how to Use Storytelling to Promote Your Brand, how we can Generate a Premium Effect, we have even discussed in the block the Various Types of Brand Innovation, How we can leverage the Sale of Brand, Key Factors for Success in Brand Extension, Examples of Successful and Unsuccessful Brand Stretching, The Various Types of Brand Architecture: Product-Brand, Branduit, Range Brand, Umbrella Brand and Endorsement Brand. On the other hand in unit 2 we will discuse Brand Positioning, Market Segmentation and Positioning, Developing a Positioning Strategy, Brand Positioning Strategies and How it Works, Introduction of an international Brand – Case Study and at last we will discuss in unit 3 Successful Repositioning, Nine Types of Repositioning, etc.

This block is going to be of great help for the students in learning and understanding the concept of brand in a much better way.

Block Objective

After learning this block, you will be able to understand:

- Story telling for brand promotion.

- Brand Innovation and its types.

- Factors responsible for success in brand extension.

- Brand architecture and its kind.

- Brand Positioning.

- Market Segmentation.

- Brand Positioning Strategies.

- Repositioning.

Block Structure

Unit 1:   **Basics of Brand Equity and Brand Value**

Unit 2:   **Brand Positioning**

Unit 3:   **Brand Repositioning**

UNIT 1: BASIC OF BRAND EQUITY AND BRAND VALUE

Unit Structure

1.0   **Learning Objectives**

1.1   **Introduction**

1.2   **How to Use Storytelling to Promote Your Brand**

1.3   **How to Generate a Premium Effect**

1.4   **The Various Types of Brand Innovation**

1.5   **How to Leverage the Sale of Your Brand**

1.6   **Key Factors for Success in Brand Extension**

1.7   **Examples of Successful and Unsuccessful Brand Stretching**

1.8   **The Various Types of Brand Architecture**

    1.8.1 Product-Brand

    1.8.2 Range Brand

    1.8.3 Umbrella Brand

    1.8.4 Endorsement Brand

1.9   **Let Us Sum Up**

1.10   **Answers for Check Your Progress**

1.11   **Glossary**

1.12   **Assignment**

1.13   **Activities**

1.14   **Case Study**

1.15   **Further Readings**

1.0 Learning Objectives

After learning this unit, you will be able to understand:

- The importance of story telling for brand promotion.

- Types of Brand Innovation.

- Key factors for success in brand extension.

- Various types of brand architecture.

1.1   Introduction

Brand equity is a critical part of building a business, and companies that successfully build one understands just how important it is to the bottom line. However, it takes time, patience, and a great deal of effort to build positive brand equity as you'll learn in my new series, Brand Equity Basics.

Brand equity is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner of a well-known brand name can generate more money from products with that brand name than from products with a less well known name, as consumers believe that a product with a well-known name is better than products with less well-known names.

"The tangible and intangible value that a brand provides positively or negatively to an organization, its products, its services, and its bottom-line derived from consumer knowledge, perceptions, and experiences with the brand."

— Susan Guneli

"The value of a brand. From a consumer perspective, brand equity is based on consumer attitudes about positive brand attributes and favorable consequences of brand use."

— American Marketing Association us.

1.2   How to Use Storytelling to Promote Your Brand

Brand storytelling isn't a new concept, but with the explosive growth of social media and content marketing, the opportunities to tell stories as part of direct and indirect brand marketing initiatives have become a strategic priority.

Marketers have been telling brand stories for years through advertising, in-person brand experiences, and so on, but the art of writing those brand stories as effective pieces of online content is a challenge that few are trained to do. That's because the best brand storytellers understand the critical elements of fiction writing, which are skills that few marketers have been formally trained to do.

Today's strongest marketing team will have room for new roles like the data architect and the brand creative content director. While the former position focuses on all that big data has to offer, the latter focuses on increasing consumer emotional involvement in the brand through social media and content marketing stories as well as on weaving the brand storyline into offline brand experiences and marketing initiatives.

Following are five secrets that brand storytellers understand and use to intrigue, engage, and connect emotionally with consumers. These secrets include a mix of branding fundamentals and fiction writing basics. Together, they can help you craft compelling brand stories for your own content marketing and integrated marketing efforts.

1.   Speak truthfully

Honesty and transparency are important in brand storytelling. Yes, you're crafting "stories," but they need to be rooted in the reality of your brand, products, and industry. In other words, even brand stories must adhere to the three primary steps of brand-building: consistency, persistence, and restraint. If your brand stories are inconsistent, they'll confuse consumers who will turn away from the brand in search of another that meets their expectations for it in every interaction. Be creative but don't stray too far from your brand promise. Confusion is the number one brand killer.

2.   Infuse personalities into stories

Brand stories are not marketing materials. They are not ads, and they are not sales pitches. Brand stories should be told with the brand persona and the writer's personality at center stage. Boring stories won't attract and retain readers, but stories brimming with personality can.

3.   Create characters your audience will root for

Brand storytelling requires that you create characters your audience will like and cheer for. That doesn't mean you're required to create fictional characters or brand mascots to tell your stories. While characters like Allstate's Mayhem can be very effective in presenting brand messages and stories in a variety of ways, you don't need to create a fictional mascot to tell brand stories. For example, create buyer personas and tell stories from their perspectives. Tell stories from your employees' points of view or from a third-person point of view. The important thing is to create characters that enable your audience to become emotionally connected to them to such an extent that the audience wants to follow their character arcs.

4.   Include a beginning, middle, and end

Fiction stories follow a structure that includes a beginning, middle, and an end. Your brand stories should follow a similar structure. In the beginning, you need to open strong and establish your story setting and the characters. The middle should set up your main character's problem and present conflicts that get in his or her (or its) way before him or her (or it) can find resolution in the end. This is your character's story arc, and you need to take your reader along for the ride. If they enjoy the ride, they'll stick around, tell other people about it, and come back again and again.

5.   Don't give it all away

Make sure your brand stories are page turners' by focusing on the use of perpetual marketing in your efforts where one piece feeds off of the next. Leave your audience wanting more, and they'll come back again and again. Consider using "Watch This Space" hooks on your website or Facebook Page, or try releasing teasers via Facebook, email, or Pinterest. Perpetual marketing tactics offer the perfect opportunity to include offline and mobile marketing in your brand storytelling initiative too.

As with all brand building efforts, your goal is to surround your consumers with brand experiences (including stories), so they can self-select how they want to interact with your brand. Give them multiple ways to enjoy your brand story, and you'll find yourself moving closer to achieving your brand marketing goals.

Check Your Progress 1

1. Brand storytelling isn't a _____concept.

    a. old

    b. New

2. Marketers have been telling brand stories for years through _____.

    a. Mouth to

    b. Advertising

3. Honesty and transparency are important in brand _____.

    a. Storytelling

    b. Establishing

---

4. _____requires that you create characters your audience will like and cheer for.

a. Brand storytelling

b. Story telling

1.3   How to Generate a Premium Effect

There are two ways for a brand to go that route: organically, or deliberately. A brand may put out a line of products (or possibly, one flagship item) that is inherently more expensive to produce or procure than the "standard" version of the product. Since they're going to have to charge more for it anyway to break even, or cannot guarantee a steady supply, they're going to have to justify the higher prices or limited availability.

Sometimes they don't have to do much. If the product is more expensive and rarer than the standard version, people to see the product as a premium or luxury item, even without extra help in the branding or marketing department. Beluga caviar is a good example of this. Actually, you can find a lot of commodities which have developed this brand image: cashmere wool, Champagne, gold, truffles, etc.

It helps a lot of the luxury product is perceived as better and rarer; in fact, I might even argue that the product MUST be at least marginally better for a premium perception to stick. Cashmere is softer and warmer than regular wool, gold doesn't tarnish and is seen as prettier than brass, truffles have a unique flavor that really can't be matched by more ordinary fungi.

However, clever marketing and branding can influence perception. Ever heard of Copper River Salmon? It's a variety of wild Alaska salmon known for its rich flavor and dark red color. It's available fresh for a very limited time, and commands super high prices.

But here's a little secret: Copper River salmon is not much different than any other wild Alaska seasonal salmon. The Alaska Seafood Marketing Association (ASMI) wanted to establish a unique brand for its wild salmon, and chose that particular river because it was a big supplier (salmon are caught in the ocean but spawn in freshwater rivers, as every child growing up in the Pacific Northwest is taught), and some rivers are bigger than others and produce a higher yield. Plus, a lot of the salmon is sockeye, which has a longer lifespan than other species.

However, fresh salmon has a limited shelf life, so it's inherently "rare" compared to frozen or processed salmon. And fresh product is always perceived as better tasting than preserved, especially when it comes to seafood.

ASMI cleverly selected an inherently "better" product and promoted the hell out of it. Much of this was aimed at the trade: chefs and restaurants, who in turn, promoted their dishes to their patrons. There was also some marketing aimed at consumers, and a LOT of publicity and PR. (I worked on this account on and off for approximately 10 years, and almost all of it was either PR or trade marketing.)

Packaged goods and consumer products use these same tactics, only they are a little more obvious. Labels, advertising, retail distribution (many premium products, such as perfumes and electronics, are only sold in higher end stores -- the retail environment affects their brand image), PR (now I'm thinking clothing, accessories and personal - there's a reason celebrities are always getting free stuff -the manufacturers know that if Jennifer Aniston or Angelina Jolie is photographed wearing a certain brand of hair scrunchie, people are going to perceive that brand of scrunchie as being premium or luxury.

Celebrity endorsements and associations can also burnish a brand image. Look at Beats by Dre headphones. By most accounts, they're overpriced, but they are nominally better quality than your typical headphones -- and many consumers don't have much experience with other comparable products.

Clever marketing and PR can increase the perception of quality and rarity, which are cornerstones of a luxury/premium brand image. But the brand usually must have some observable advantages over the standard version of the product.

Check Your Progress 2

1. If the product is _____ expensive and rarer than the standard version, people to see the product as a premium or luxury item.

    a. More

    b. Less

2. _____ goods and consumer products use these same tactics, only they are a little more obvious.

    a. Packaged

    b. Loose

---

3. Celebrity endorsements and associations can _____burnish a brand image.

   a. not

   b. Also

4. _____marketing and PR can increase the perception of quality and rarity.

   a. Clever

   b. Foolish

1.4   The Various Types of Brand Innovation

1.   Process Innovation

Implementing a new or improved technique or piece of equipment:

    To improve the consumers experience or take away a barrier. It's not a consumable, but a way to make consumption easier. Here innovation can be defined as executing new ideas to create value.

Fig 1.1 The Various Types of Brand Innovation

Waitrose Shop & Scan bring a host of consumer benefits, which make the shopping experience more hassle free, and therefore enjoyable.

You can track your spending as you go, scan and bag at the same time, and pay instantly at the end of the shop without the need for queuing.

2.   Marketing Innovation

This is the implementation of a new marketing method involving significant changes to; product design or packaging, product placement, product promotion or pricing to better address consumers needs. This can apply to new or existing products.

a.   Product design or packaging:

Changes in structure and appearance that do not alter the products' functional characteristics.

Fig 1.2 Product design or packaging

Inspiring consumer's on how to use the right combination of products for a specific need or regime has been what has set L'oreal apart from some of its key competitors in men's skincare. There is no change to product, only the way in which they are bundled together and presented to the consumer.

b.   Claims:

A new way to communicate on the products' benefits, reasons to believe or features.

Fig 1.3 Claims

Right Guard are going for hard core efficacy reassurance with the introduction of their Total Defence 5 claim bundle, and their 'Invisible Power' benefit, which is far more attention grabbing and memorable than saying something along the lines of "powerful invisible formula".

c.   Descriptors:

The way in which you name or describe a product can bring new meaning to it's benefits or the way in which it works.

11

Fig 1.4 Descriptors

Vanish have cleverly introduced the reason to believe in to their product descriptor, 2 in 1 magnets. This is far more intriguing than simply calling them sachets or tablets.

c.   Merchandising Solutions:

A new way to present your product to your consumers, within the same channel

Fig 1.5 Merchandising Solutions

Sainsbury's have found a unique new way to merchandise deli cheeses in baskets on gondola end's adjacent to the deli counter. It feels artisan and fresh, and allows you to "grab and go" many deli favourites without the need to queue at the counter.

d. Product placement:

Repurposing, or giving an existing product a new usage occasion through where it is placed in the store.

Fig 1.6 Product placement

Big brands like Apple, Pizza Express and House of Fraser sell gift cards in grocery and other outlets adjacent to celebration cards, allowing these brands/ franchises to capitalise on impulse gifting.

f. Product promotion:

New ways to promote products and services. Like many other food retailers, M&S have bundled products together (main dish, side dish, dessert and bottle of wine) to rival the dining out experience.

Fig 1.7 Product promotion

g.   Channel:

Broadening either the reach and/or convenience of how your product or services get to your consumers.

Fig 1.8 Channels

Ringo's new app means it take's half the time to pay for parking compared to over the phone.

h.   Positioning:

How to make an existing and well-established product or category more unique and compelling.

Fig 1.9 Positioning

The Happy Egg Company have breathed some much needed cheer in to the humble egg, and hook in to an emotional reason to buy them over simply being a certain size or free range.

Innovation isn't the job of specific person or department in your business – it's the job of each and every one of us.

Check Your Progress 3

1. Implementing a new or improved technique or piece of equipment

   a. Process Innovation

   b. Marketing innovation

2. This is the implementation of a new marketing method involving significant changes to; product design or packaging

   a. Process innovation

   b. Marketing innovation

1.5   How to Leverage the Sale of Your Brand

A brand leveraging strategy uses the power of an existing brand name to support a company's entry into a new, but related, product category. For example, the manufacturer of Mr. Coffee™ coffee makers used its brand name strength to launch Mr. Coffee™ brand coffee. While coffee machines and coffee beans are in different product categories, there is a strong enough correlation between the two items that the brand name has a powerful impact on consumers of both categories.

Brand leveraging communicates valuable product information to consumer's about new products. Consumers enter retail outlets equipped with pre-existing knowledge of a brand's level of quality and consistently relate this knowledge to new products carrying the familiar brand. Generally, consumers maintain a consistent brand perception until disappointed – creating a risky advantage for established brands.

Brand leveraging is an important form of new product introduction because it provides consumers with a sense of familiarity by carrying positive brand characteristics and attitudes into a new product category. Instant recognition of the brand is established, and consumers with a favorable brand opinion likely will try a new product they perceive to have a similar quality level and attributes as their original favorite. Additionally, because the products are in different categories, they will not compete for market share – the crux of a successful branding strategy.

Check Your Progress 4

1. A _____strategy uses the power of an existing brand name to support a company's entry into a new, but related, product category.

   a. brand leveraging

   b. brand

2. Brand _____ communicates valuable product information to consumer's about new products.

   a. Leveraging

   b. extension

1.6   Key Factors for Success in Brand Extension

There are many factors for succeeding in a brand extension strategy. Those factors are often under-estimated by manufacturers who extend their brand just for savings reasons. Indeed creating a new brand for a launching product is an expensive step that could be avoided by stretching an existing brand. Other extends brand as many categories as possible in hope of just adding sales and improving brand image.

However, if this marketing strategy is efficiently applied it can have several positive consequences like create synergies, reinforce the brand image, and have a better approach on consumer's needs.

The main idea to understand the success of a brand extension is to consider the consumer's evaluation concerning the fit and the level of leverage between the brand extension and the core brand. Those two main factors describe two axes of consumer's perceptions and expectations:

*   **"Fit":** The fit between the expectation brand and the care brand is probably the most important factor of a successful brand extension. It refers to the boundaries issue of the different product categories under the same brand. In other word, Fit is the stretch-ability of categories that consumer could accept for a brand.
*   **"Image":** The brand image is the factor that influences the consumer's behavior regarding the new category of product under the evaluation of the core brand image. We're talking here about the global perception of brand personality.
*   **"Credibility":** reflects the standing of the extended product in terms of price, quality, customers services.
*   **"Leverage":** is the typical properties owned by a brand that gives a competitive advantage to the brand extension in its new category. We could also include in this section the "Transfer" factor which is the ability of a brand to transfer experience and skills to the brand extension.

If we consider that a brand extension has to be spread on these axes regarding consumer's expectation, we can extract some statement from those definitions and construct some basic principles for a successfully brand extension.

First of all, a brand stretching has to be logical with consumer's expectations. The extended product must fit with the brand's categories of existing products.

Secondly, parent brands must own some distinctive properties that give a competitive advantage to the company. Those attributes are not necessary to be exclusive ones but have to be important in the new category.

Finally, the brand image has also a decisive impact on consumer's perception of an extended product. People tend to identify themselves to the personality of a brand. If these characteristics are well shared between categories, it will provide the new product an existing notoriety.

All these factors we've summarize to explain a successful brand extension are independent and distinctive to each brand extension strategy. All manufacturers have different strategies to launch a new product. Some will benefit from special management skills and have a high leverage level when other will just change the recipe of their product and rely on the "Fit" and "Image" factor for their chance of succeeding.

Check Your Progress 5

1. The fit between the expectation brand and the care brand is probably the most important factor of a successful brand _____.

   a. Extension

   b. levarage

2. The brand _____ is the factor that influences the consumer's behavior regarding the new category of product under the evaluation of the core brand image.

   a. Extension

   b. Image

3. _____" reflects the standing of the extended product in terms of price, quality, and customer services.

   a. Credibility

   b. Brand image

1.7 Examples of Successful and Unsuccessful Brand Stretching

Instances where brand extension has been a success are-

Wipro which was originally into computers has extended into shampoo, powder, and soap.

Mars is no longer a famous bar only, but an ice-cream, chocolate drink and a slab of chocolate.

Instances where brand extension has been a failure are-

In case of new Coke, Coca Cola has forgotten what the core brand was meant to stand for. It thought that taste was the only factor that consumer cared about. It was wrong. The time and money spent on research on new Coca Cola could not evaluate the deep emotional attachment to the original Coca- Cola.

Rasna Ltd. - Is among the famous soft drink companies in India. But when it tried to move away from its niche, it hasn't had much success. When it experimented with fizzy fruit drink "Oranjolt", the brand bombed even before it could take off. Oranjolt was a fruit drink in which carbonates were used as preservative. It didn't work out because it was out of synchronization with retail practices. Oranjolt need to be refrigerated and it also faced quality problems. It has a shelf life of three-four weeks, while other soft- drinks assured life of five months.

Check Your Progress 6

1. _____which was originally into computers has extended into shampoo, powder, and soap.

   a. Wipro

   b. satyam

2. In case of new _____Coca Cola has forgotten what the core brand was meant to stand for.

   a. Limca

   b. Coke

1.8 The Various Types of Brand Architecture

1.8.1 Product-Brand

It involves one particular name assigned to one particular product. This name reflects just one positioning and hence is restricted to that positioning. In other words, for each new positioning there is a new brand name and hence different names correspond to different positions.

1.8.2 Range Brand

Range branding looks similar to line branding but is significantly different from it. Range branding is also called 'brand extension'. Unlike line branding where the same brand concept is used for complementary products in the same product line, in range branding the same 'area of expertise' is extended to several products not necessarily in the same product line. This strategy helps companies to extend the brand to products that do not complement each other.

Himalaya Drug Company has a range of Ayurvedic products such as HealthCare, Skincare, and Hair Care etc under the brand name, Ayurvedic Concepts. This brand concept is common to deep cleansing products to digestive capsulesand antiseptic cream though these are not complementary products belonging to a product line. The focus is on expertise.

1.8.3 Umbrella Brand

An umbrella brand or a family brand is a brand which is used across a range of product categories i.e., a set of related but distinct products. Umbrella branding is very common across the FMCG sector. There are numerous advantages of using umbrella brand like increasing marketability, giving positioning to a product and reducing the cost of creation of a new brand.

For example if a brand is known for high quality another product under the same umbrella brand is also perceived in a similar manner. However one big disadvantage of umbrella brand is that the failure of one product may spoil the image of all the other products under the umbrella brand.

For Example Apple is an umbrella brand for a set of distinct but related products like the IPhone, IPad, Mac Book & other accessories. In the FMCG sector Nivea acts as another Umbrella brand with a wide array of products like cream, soap, powder, deodorant, etc.

1.8.4 Endorsement Brand

This type of Brand Architecture uses the company name as leverage for all product/service offerings. (e.g., Johnson & Johnson).

Check Your Progress 7

1. It involves one particular name assigned to one particular product.

   a. Product brand

   b. Range brand

2. An _____ is a brand which is used across a range of product categories.

   a. umbrella brand

   b. Endorsement brand

3. This type of Brand Architecture uses the company name as leverage for all product/service offerings.

   a. Product brand

   b. Endorsement brand

1.9 Let Us Sum Up

In this unit we have studied about brand equity and many other concepts relating to it. In brief we have studied that brand equity is a critical part of building abusiness, and companies that successfully build one understand just how important it is to the bottom line. Brand equity is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner. We even studied that Brand storytelling isn't a new concept, but with the explosive growth of social mediaand content marketing, the opportunities to tell stories as part of direct and indirect brand marketing initiatives have become a strategic priority.

This unit proved to be very effective in helping us to understand many concepts relating to brand management and going to be very helpful for the readers in learning these associated concepts of brand.

1.10   Answers for Check Your Progress

Check Your Progress 1

Answers: (1-b), (2-b), (3-a), (4-a)

Check Your Progress 2

Answers: (1-a), (2-a), (3-b), (4-a)

Check Your Progress 3

Answers: (1-a), (2-b)

Check Your Progress 4

Answers: (1-a), (2-a)

Check Your Progress 5

Answers: (1-a), (2-b), (3-a)

Check Your Progress 6

Answers: (1-a), (2-b)

Check Your Progress 7

Answers: (1-a), (2-a), (3-a)

1.11   Glossary

1.   **Innovation -** a new method, idea, product, etc.

2.   **Promotion -** it refers to raising customer awareness of a product or brand, generating sales, and creating brand loyalty.

1.12   Assignment

Discuss the role of story telling in brand promotion.

1.13   Activities

Discuss the various kinds of brand innovation.

1.14   Case Study

Write a note on key factors for success in brand extension.

1.15   Further Readings

1.   Marketing Management (Twelfth Edition) – Philip Kotler.

2.   The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.   The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.   Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5.   Marketing Warfare - Al Ries and Laura Ries.

6.   Competitive Strategy – Michael E Porter.

7.   Product Management – S A Chunawalla.

8.   Brand Management – Y L R Murthy.

9.   Managing Brand Equity – David Aaker.

10.   Building Strong Brands – David Aaker.

11.   Branding Concepts and Process – Debasispati.

12.   What is a Brand? – S King.

UNIT 2: BRAND POSITIONING

Unit Structure

2.0   Learning Objectives

After learning this unit, you will be able to understand:

- Brand Positioning, its Meaning, Scope and Importance.

- Brand Positioning Defined.

- Market Segmentation and Positioning.

- How to Develop a Positioning Strategy?

- Brand Positioning Strategies and how it Works.

- How to Introduce an International Brand?

2.1   Introduction

The famous '5 Ps' of marketing folklore (product, place, price, promotion & packaging) were fine tools for implementing packaged goods brand positionings - and the basic formula still has its role in FMCG assignments. But today we are entering the era of customer brands where 'company' and 'brand' are one and the same. In this scenario the company culture & values become a crucial factor in the solution: finding and harnessing what's there already or setting out to create values and practices which support and manifest the positioning.

Why is Defining the Positioning so Important?

Running a brand is like conducting an orchestra. Positioning is the heart of competitive strategy. The messages transmitted by everything from the advertising to phone calls with your customer care department all need to be kept in harmony and on-brief. Without a clear, single-minded definition of what the brand is about the messages rapidly become discordant and confusing. The positioning statement is therefore a focusing device which helps brand management to keep everything sharp and relevant.

Identifying where a specific brand is placed within the marketplace and its relationship to competitive brands, brand positioning is determined by defining the brand's benefits to the consumer, opportunities for which the brand is best suited, the brand's target audience, and who its main competitors are. For us to achieve the benefits of brand positioning, it is necessary to research in-depth the market position (or lack thereof) of the brand. Brand maps and forms are created to profile the brand positioning, comparing the results with competitive brands.

In realizing the benefits of brand positioning, it is important to understand that not all brands are competitors. A consumer may be presented with six brands of one product and only considers three out of the six as a purchasing choice. The consumer may have encountered a negative experience with a specific brand and may never consider purchasing it again or there may be a brand that simply does not stand out to the consumer and it is passed up.

Position Or Perish!!!

Have you ever thought what makes Kelloggs different from Noodles? The difference lies in positioning. Positioning can make or break a brand.

The concept of positioning was introduced by Al Ries and Jack Trout in 1969 and was elaborated in 1972. To understand the concept of positioning we can consider the human mind as consisting of a perceptual map with various

brands occupying different positions in it. This concept of perceptual space forms the theoretical basis for brand positioning.

What this leads to is the perception of the consumer, which decides the positioning of any brand. It is important to note that what a marketer does is to find a position for its brand in the perceptual space of the consumer and place it at the most lucrative point. Hence, Positioning is not what you do to the product; it is what you do to the mind of the prospect. It is a new approach to communication and has changed the nature of advertising. It can be of a product, service, company or oneself.

The perception of a consumer is a function of consumer's values, beliefs, needs, experience and environment. Thus as per Subro to Sengupta "the core thought behind brand positioning -the idea that each brand (if at all noticed) occupies a particular point or space in the individual's mind, a point which is determined by that consumer's perception of the brand in question and in its relation to other brands".

Thus, in the perceptual map, the spatial distance between the points on which brands are located reflects the subject's perception of similarity or dissimilarity between products or brands.

The basic approach of positioning is not to create something new and different but to manipulate what's already up there in the mind, to retie the connections that already exist. In communication, as in architecture, less is more. The only answer to the problems of an over communicated society is positioning.

Positioning is an organized system for finding a window in the mind.

The easy way to get into a person's mind is to be first in a particular category. If you are not the first then you have a positioning problem.

2.2   Brand Positioning Defined

Identifying where a specific brand is placed within the marketplace and its relationship to competitive brands, brand positioning is determined by defining the brand's benefits to the consumer, opportunities for which the brand is best suited, the brand's target audience, and who its main competitors are.

To achieve the benefits of brand positioning, it is necessary to research in-depth the market position (or lack thereof) of the brand. Brand maps and forms are

created to profile the brand positioning, comparing the results with competitive brands.

In realizing the benefits of brand positioning, it is important to understand that not all brands are competitors. A consumer may be presented with six brands of one product and only considers three out of the six as a purchasing choice. The consumer may have encountered a negative experience with a specific brand and may never consider purchasing it again or there may be a brand that simply does not stand out to the consumer and it is passed up.

After an organization has selected its target market the next stage is to decide how it wants to position itself within that chosen segment. Positioning refers to 'how organizations want their consumers to see their product'. What message about the product or service is the company trying to put across? Daewoo cars have successfully positioned themselves as the family value model? The Skoda brand which has been taken over by Volkswagen has been re-positioned as a vehicle which had negative brand associations, to one which regularly wins car of the year awards. The positive comments from the industry and attributes of this

vehicle are slowly changing the perception of consumer's about the Skoda brand. Product positioning is an important strategy for achieving differential advantage. Positioning reflects the "place" a product occupies in a market or segment. A successful position has characteristics that are both differentiating and important to consumers.

Every product has some sort of position — whether intended or not. Positions are based upon consumer perceptions, which may or may not reflect reality. A position is effectively built by communicating a consistent message to consumers about the product and where it fits into the market — through advertising, brand name, and packaging.

Positioning is inextricably linked with market segmentation. You can't define a good position until you have divided the market into unique segments and selected your target segments.

Check Your Progress 1

1. _____is determined by defining the brand's benefits to the consumer.

   a. brand positioning

   b. Market segmentation

---

2. In realizing the benefits of brand positioning, it is important to understand that not all brands are _____.

   a. Equal

   b. Competitors

3. After an organization has selected its _____market the next stage is to decide how it wants to position itself within that chosen segment.

   a. Segment

   b. Target

4. _____is an important strategy for achieving differential advantage.

   a. Product positioning

   b. Brand positioning

5. _____is inextricably linked with market segmentation.

   a. Target

   b. Positioning

2.3   Market Segmentation and Positioning

Market Segmentation

To compete successfully in today's volatile and competitive business markets, mass marketing is no longer a viable option for most companies. Marketers must attack niche markets that exhibit unique needs and wants. Market segmentation is the process of partitioning markets into groups of potential customers with similar needs or characteristics who are likely to exhibit similar purchase behavior.

Market segmentation is the foundation on which all other marketing actions can be based. It requires a major commitment by management to customer-oriented planning, research, implementation and control.

The overall objective of using a market segmentation strategy is to improve your company's competitive position and better serve the needs of your customers. Some specific objectives may include increased sales, improved market share and enhanced image.

There are four major benefits of market segmentation analysis and strategy:

- Designing responsive products to meet the needs of the marketplace

- Developing effective and cost-efficient promotional tactics & campaigns

- Gauging your company's market position — how your company is perceived by its customers and potential customers relative to the competition

- Fine-tuning current marketing strategies

A three-step process is used to develop a market segmentation strategy:

1. **Segment Identification**: Determining a given number of homogeneous market segments based on selected segmentation variables and criteria. Segments should be customer-focused, a justifiable size, distinguishable, accessible, accountable & profitable.

2. **Market Selection**: Selecting one or more groups to target for marketing activity. It is impossible to pursue every market opportunity so you must make strategic choices based on customer needs, competitive opportunities, corporate objectives, and your firm's financial, technical & marketing resources.

3. **Positioning:** Carving out a market niche for your firm. This may be accomplished by searching out unique marketing advantages, seeking new market segments that competitors are not cultivating, or developing new approaches to old problems. Your positioning should be based on a real (e.g., lower cost, superior quality) or intangible (e.g., company reputation) competitive advantage.

Three key research issues must be addressed while considering positioning:

- **What is your current position?**

    What does the "space" look like — what are the most important dimensions in the category?

    What are the other products in that space and where are they?

    What are the gaps, unfilled positions or "holes" in the category?

    Which dimensions are most important?

    How do these attitudes differ by market segment?

- **What position do you want to have?**

    Some of the positioning opportunities for a product include:

Finding an unmet consumer need — or at least one that's not being adequately met now by competition.

Identifying a product strength that is both unique & important.

Determining how to correct a product weakness and thereby enhance a product's appeal. (e.g., legitimate "new & improved").

Changing consumer usage patterns to include different or additional uses for the product.

Identifying market segments, which represent the best targets for a product.

- **How do you create a new positioning?**

Creating a new positioning can come from two sources:

Physical product differences

Communications — finding a memorable and meaningful way to describe the product (e.g., calling 7-Up the "Uncola"). As Ries and Trout point out, "Positioning is not what you do to a product; positioning is what you do to the mind of the prospect."

Check Your Progress 2

1. _____must attack niche markets that exhibit unique needs & wants.

   a. Marketers

   b. customers

2. Market _____is the foundation on which all other marketing actions can be based.

   a. Mix

   b. segmentation

3. The overall objective of using a market _____strategy is to improve your company's competitive position and better serve the needs of your customers.

   a. segmentation

   b. customer

2.4　Developing a Positioning Strategy

Developing a positioning strategy depends much on how competitors position themselves. Do organisations want to develop 'a me too' strategy and position themselves close to their competitors so consumers can make a direct comparison when they purchase, or does the organization want to develop a strategy which positions themselves away from their competitors. Offering a benefit which is superior depends much on the marketing mix strategy the organization adapts. The pricing must reflect the benefit offered, the promotion strategy must communicate this benefit.

Ultimately positioning is about how you want consumers to perceive your products and services and what strategies you would adopt to reach this perceptual goal.

In their 1981 book, Positioning: The Battle for your Mind, Al Ries and Jack Trout describe how positioning is used as a communication tool to reach target customers in a crowded marketplace. Jack Trout published an article on positioning in 1969, and regular use of the term dates back to 1972 when Ries and Trout published a series of articles in Advertising Age called "The Positioning Era." Not long thereafter, Madison Avenue advertising executives began to develop positioning slogans for their clients and positioning became a key aspect of marketing communications.

Fig 2.1 Developing a Positioning Strategy

Surf Excel, originally positioned as "the value-for-money" detergent, today, improved and offered to remove the widest range of stains. This progressed into one of the most memorable campaigns in the country "Surf Excel haina!" It changed the way people had traditionally looked at stains. Tough stains usually bring in anxiety. Here was a brand that said, "Relax, there is no need to panic".

Brand Positioning Strategies

- Key idea in positioning strategy – a consumer must have a clear idea of what your brand stands for in the product category Positioning achieved through brand's marketing communications (although distribution, pricing, packaging and actual product features also play major rules).

- Positioning is not what you do to the products but you do to the consumers' mind, through various communications. A brand must be "positioned" in a way that is most effective to attract the desired target segment. A brand's position is the set of associations the consumer has with the brand. Its physical attributes, lifestyle, use occasion or user image or even stores that carry it.

- A brand's position develops over the years.

7 Approaches to Positioning Strategy

1. **Using product characteristics or customer benefits** – Colgate "ring of confidence", cavity fighter or gum strengthener, "Neem" soap Margo, "Glycerine" soap Pears, etc. This is most-used positioning strategy. Honda and Toyota emphasized economy and reliability.

2. **The price-quality approach**. Manufacturers charge more, but communicate fact they are of higher quality. While others are cheaper. Eg.Surf/Nirma.

3. **The use or applications approach** – eg. Moove, Nycil.

4. **The product user approach** - eg. Lux (the soap for beauty queens), Boost (Boost is the secret of my energy), Nike, Fiat Palio, etc.

5. **The product class approach**. Maxim freeze-dried coffee, the first one in the market, needed to position itself with respect to regular and instant coffee. Some margarines position themselves against butter.

6. **The cultural symbol approach**. The Wells Fargo Bank uses a stage coach pulled by a team of horses and very nostalgic background music to position itself as the bank that opened up the west. Or take the MRF muscle man.

7. **The competitor approach** – Pepsi/Coke, Santro. This approach is useful Competitor's image (which may have firm, well-crystallized image developed over many years) can be used as a bridge to help communicate another image referenced to it.

Sometimes it is not important how good customers think you are, it is just as important to that they believe you are better than (or as good as) a given competitor. Most famous positioning strategy of this type was Avis "We're number 2, we try harder" campaign. The message here is: 'Hertz, is so big they did not need to work hard.' The strategy: was to position Avis with Hertz as major car rental co (and away from National, which was 3rd at that time).

Determining Positioning Strategy

What should be positioning strategy? The identification and selection of a positioning strategy can be difficult and complex. It becomes more manageable if supported by marketing research and phased out into a 6-step process.

The 6-Step Process to Positioning

1. Identify the competitors

2. Determine how the competitors are perceived and evaluated

3. Determine the competitors positions

4. Analyze the customer

5. Select the position

6. Monitor the position

1.   Identify the Competitors

This step not easy. Identify all players in the market. For eg.Soft drinks.

Pepsi might define its competition as:

- Other Cola drinks,

- Non-diet soft drinks,

- All soft drinks,

- Non-alcoholic beverages,

- All beverages except water

There may be primary and secondary group of competitors. Primary group of competitors: other colas. The Secondary group may be: other non-diet soft drinks and diet colas.

2.   Determining How the Competitors are Perceived and Evaluated

To determine how competitor products are perceived, it is necessary to choose an appropriate set of product "attributes" for the comparison. "Attributes" include not only product characteristics and customer benefits but also product

associations such as product uses or product users. Eg. Beer – a relevant attribute could be the association of a brand with outdoor picnics or pubs (Haywards) or association with athletes.

The task is to identify relevant attributes, to remove redundancies from the list and then select those that are most useful and relevant in describing brand images.

3. Determining Competitors' Position

Determine how competitors and our own brand are positioned. The primary focus is on how they are positioned with respect to the relevant attributes.

What is the customer's image of various competitors?

Which competitors are perceived as similar and which are different?

4 Analyzing the customers

5. Select the position

6. Monitor the position

The ultimate positioning decision specifies where, in the perception map the brand should be positioned. Making this decision requires knowing which areas in the map will be attractive to customers.

Making the Positioning Decision: 5 steps

1. An economic analysis should guide the decision. The success of any objective basically depends on 2 factors: the potential market size and the penetration probability. Unless both these factors are favorable, success wills be unlikely.

2. Positioning usually implies a segmentation commitment. Positioning usually means an overt decision is made to ignore parts of the market and to concentrate only on certain segment. Such an approach requires commitment and discipline, as it's not easy to turn your back on potential buyers. Yet the effects of generating a distinct meaningful position are to focus on the target segments and not be constrained by the reaction of other segments.

3. If an ad is working stick with it. An advertiser will often tire of a positioning strategy and the advertising used to implement it will consider making a change. The personality or image of a brand, like that of a person, evolves over many years, and the value of consistency through time cannot be overestimated.

4. Don't try to be something you are not. It is tempting but naïve (and usually fatal) to decide on a positioning strategy that exploits a market need or opportunity but assumes that your product is something it is not. Before positioning a product it is crucial to determine the position of various competitors. Eg. Dettol soap 100% wash.

Consider symbols. A symbol or set of symbols can have strong associations that should be considered while making positioning decisions. Eg.MalboroMan , devil of ONIDA, Doughboy for Pillsbury, tiger for Tiger Tea, Robin bird for Robin Blue, Muscleman for MRF or Rising Sun for Aditya Birla.

Check Your Progress 3

1. Developing a _____strategy depends much on how competitors position themselves.

    a. Positioning

    b. segmentation

2. Ultimately _____is about how you want consumers to perceive your products and services and what strategies you would adopt to reach this perceptual goal.

    a. Positioning

    b. Marketing mix

3. A brand must be "positioned" in a way that is most effective to attract the desired _____.

    a. target segment

    b. market segment

2.5 Brand Positioning Strategies and How it Works?

Ries and Trout explain that while positioning begins with a product, the concept really is about positioning that product in the mind of the customer. This approach is needed because consumers are bombarded with a continuous stream of advertising, with advertisers spending several hundred dollars annually per consumer in the U.S. The consumer's mind reacts to this high volume of

advertising by accepting only what is consistent with prior knowledge or experience.

It is quite difficult to change a consumer's impression once it is formed. Consumers cope with information overload by oversimplifying and are likely to shut out anything inconsistent with their knowledge and experience. In an over-communicated environment, the advertiser should present a simplified message and make that message consistent with what the consumer already believes by focusing on the perceptions of the consumer rather than on the reality of the product.

Getting Into the Mind of the Consumer

The easiest way of getting into someone's mind is to be first. It is very easy to remember who is first, and much more difficult to remember who is second. Even if the second entrant offers a better product, the first mover has a large advantage that can make up for other shortcomings.

However, all is not lost for products that are not the first. By being the first to claim a unique position in the mind the consumer, a firm effectively can cut through the noise level of other products. For example, Miller Lite was not the first light beer, but it was the first to be positioned as a light beer, complete with a name to support that position. Similarly, Lowenbrau was the most popular German beer sold in America, but Beck's Beer successfully carved a unique position using the advertising, and "You've tasted the German beer that's the most popular in America. Now taste the German beer that's the most popular in Germany."

Consumers rank brands in their minds. If a brand is not number one, then to be successful it somehow must relate itself to the number one brand. A campaign that pretends that the market leader does not exist is likely to fail. Avis tried unsuccessfully for years to win customers, pretending that the number one Hertz did not exist. Finally, it began using the line,

"Avis in only No. 2 in rent-a-cars, so why go with us? We try harder."

After launching the campaign, Avis quickly became profitable. Whether Avis actually tried harder was not particularly relevant to their success. Rather, consumers finally were able to relate Avis to Hertz, which was number one in their minds.

Another example is that of the soft-drink 7-Up, which was No. 3 behind Coke and Pepsi. By relating itself to Coke and Pepsi as the "Uncola", 7-Up was able to establish itself in the mind of the consumer as a desirable alternative to the

standard colas. When there is a clear market leader in the mind of the consumer, it can be nearly impossible to displace the leader, especially in the short-term. On the other hand, a firm usually can find a way to position itself in relation to the market leader so that it can increase its market share. It usually is a mistake, however, to challenge the leader head-on and try to displace it.

Positioning of a Leader

Historically, the top three brands in a product category occupy market share in a ratio of 4:2:1. That is, the number one brand has twice the market share of number two, which has twice the market share of number three. Ries and Trout argue that the success of a brand is not due to the high level of marketing acumen of the company itself, but rather, it is due to the fact that the company was first in the product category. They use the case of Xerox to make this point. Xerox was the first plain-paper copier and was able to sustain its leadership position. However, time after time the company failed in other product categories in which it was not first. Similarly, IBM failed when it tried to compete with Xerox in the copier market, and Coca-Cola failed in its effort to use Mr.Pibb to take on Dr. Pepper. These examples support the point that the success of a brand usually is due to its being first in the market rather than the marketing abilities of the company.

The power of the company comes from the power of its brand, not the other way around. With this point in mind, there are certain things that a market leader should do to maintain the leadership position. First, Ries and Trout emphasize what it should not do, and that is boasting about being number one. If a firm does so, then customers will think that the firm is insecure in its position if it must reinforce it by saying so.

If a firm was the first to introduce a product, then the advertising campaign should reinforce this fact. Coca-Cola's "the real thing" does just that, and implies that other colas are just imitations.

Another strategy that a leader can follow to maintain its position is the multibrand strategy. This strategy is to introduce multiple brands rather than changing existing ones that hold leadership positions. It often is easier and cheaper to introduce a new brand rather than change the positioning of an existing brand. Ries and Trout call this strategy a single-position strategy because each brand occupies a single, unchanging position in the mind of the consumer.

Finally, change is inevitable and a leader must be willing to embrace change rather than resist it. When new technology opens the possibility of a new market

that may threaten the existing one, a successful firm should consider entering the new market so that it will have the first-mover advantage in it. For example, in the past century the New York Central Railroad lost its leadership as air travel became possible. The company might have been able to maintain its leadership position had it used its resources to form an airline division.

Sometimes it is necessary to adopt a broader name in order to adapt to change. For example, Haloid changed its name to Haloid Xerox and later to simply Xerox. This is a typical pattern of changing Name 1 to an expanded Name 1 - Name 2, and later to just Name 2.

Positioning of a Follower

Second-place companies often are late because they have chosen to spend valuable time improving their product before launching it. According to Ries and Trout, it is better to be first and establish leadership.

If a product is not going to be first, it then must find an unoccupied position in which it can be first. At a time when larger cars were popular, Volkswagen introduced the Beetle with the slogan "Think small." Volkswagen was not the first small car, but they were the first to claim that position in the mind of the consumer.

Other positions that firms successfully have claimed include:

Age (Geritol)

High price (Mobil 1 synthetic engine lubricant)

Gender (Virginia Slims)

Time of day (Nyquil night-time cold remedy)

Place of distribution (L'eggs in supermarkets)

Quantity (Schaefer - "the one beer to have when you're having more than one.")

It most likely is a mistake to build a brand by trying to appeal to everyone. There are too many brands that already have claimed a position and have become entrenched leaders in their positions. A product that seeks to be everything to everyone will end up being nothing to everyone.

The Power of a Name

A brand's name is perhaps the most important factor affecting perceptions of it. In the past, before there was a wide range of brands available, a company could name a product just about anything. These days, however, it is necessary to have a memorable name that conjures up images that help to position the product.

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Check the power of the Rolls Royce name:
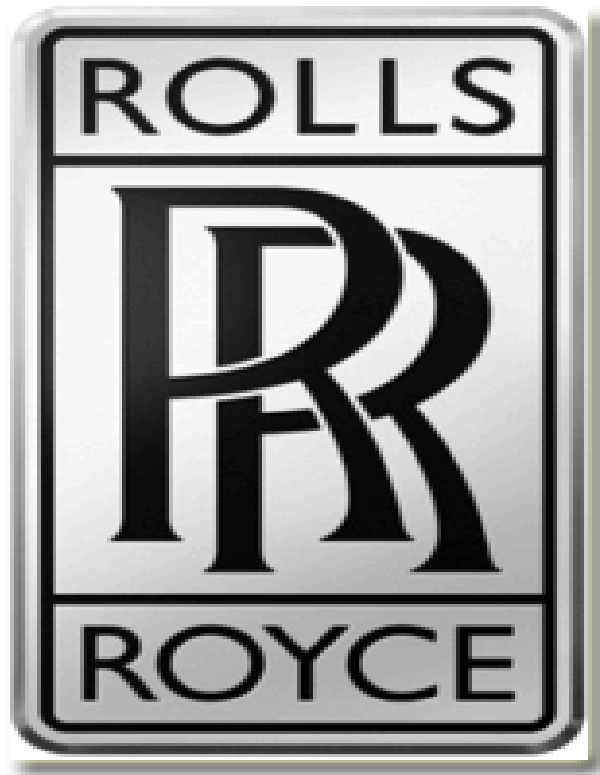
Fig 2.2 Power of Name

Ries and Trout favor descriptive names rather than coined ones like Kodak or Xerox. Names like DieHard for a battery, Head & Shoulders for a shampoo and Close-Up for a toothpaste and People for a gossip magazine. While it is more difficult to protect a generic name under trademark law, Ries and Trout believe that in the long run it is worth the effort and risk. In their opinion, coined names may be appropriate for new products in which a company is first to market with a sought-after product, in the case where name is not so important.

Margarine is a name that does not very well position the product it is describing. The problem is that it sounds artificial and hides the true origin of the product. Ries and Trout propose that "soy butter" would have been a much better name for positioning the product as an alternative to the more common type of butter that is made from milk. While some people might see soy in a negative light, a promotional campaign could be developed to emphasize a sort of "pride of origin" for soy butter.

Another everyday is example is that of corn syrup, which viewed by consumers are as an inferior alternative to sugar. To improve the perceptions of corn syrup, one supplier began calling it "corn sugar", positioning it as an alternative to cane sugar or beet sugar.

Ries and Trout propose that selecting the right name is important for positioning just about anything, not just products. For example, the Clean Air Act has a name that is difficult to oppose, as do "fair trade" laws. Even a person's name impacts his or her success in life. One study showed that on average, schoolteachers grade essays written by children with names like David and Michael a full letter grade higher than those written by children with names like Hubert and Elmer.

Eastern Airlines was an example of a company limited by its name. Air travel passengers always viewed it as a regional airline that served the eastern U.S., even though it served a much wider area, including the west coast. Airlines such as American and United did not have such a perception problem. (Eastern Airlines ceased operations in 1991.)

Another problem that some companies face is confusion with another company that has a similar name. Consumers frequently confused the tire manufacturer B.F. Goodrich with Goodyear. The Goodyear blimp had made Goodyear tires well-known, and Goodyear frequently received credit by consumers for tire products that B.F. Goodrich has pioneered. (B.F. Goodrich eventually sold its tire business to Uniroyal.)

Other companies have changed their names to something more general, and as a result create confusion with other similar-sounding companies. Take for instance The Continental Group, Inc. and The Continental Corporation. Few people confidently can say which makes cans and which sells insurance.

The No-Name Trap

People tend use abbreviations when they have fewer syllables than the original term. GE is often used instead of General Electric. IBM instead of International Business Machines. In order to make their company names more general and easier to say, many corporations have changed their legal names to a series of two or three letters. Ries and Trout argue that such changes usually are unwise.

Companies having broad recognition may be able to use the abbreviated names and consumers will make the translation in their minds. When they hear "GM", they think "General Motors". However, lesser known companies tend to lose their identity when they use such abbreviations. Most people don't know the types of business in which companies named USM or AMP are engaged.

The same applies to people's names as well. While some famous people are known by their initials (such as FDR and JFK), it is only after they become famous that they begin using their initials. Ries and Trout advise managers who aspire for name recognition to use actual name rather then first and middle initials. The reason that initials do not lead to recognition is that the human mind works by sounds, not by spellings.

Most company's began selling a single product, and the name of the company usually reflected that product. As the successful firms grew in to conglomerates, their original names became limiting. Ries and Trout advise companies seeking more general names to select a shorter name made of words, not individual letters. For example, for Trans World Airlines, they favored truncating it simply to Trans World instead removing all words and using the letters TWA.

The Free-Ride Trap

A company introducing a new product often is tempted to use the brand name of an existing product, avoiding the need to build the brand from scratch. For example, Alka-Seltzer named a new product Alka-Seltzer Plus. Ries and Trout do not favor this strategy since the original name already in positioned in the consumer's mind. In fact, consumers viewed Alka-Seltzer Plus simply as a better Alka-Seltzer, and the sales of Alka-Seltzer Plus came at the expense of Alka-Seltzer, not from the market share of the competition.

Some firms have built a wide range of products on a single brand name. Others, such as Procter & Gamble have selected new names for each new product, carefully positioning the product in a different part of the consumer's mind. Ries and Trout maintain that a single brand name cannot hold multiple positions; either the new product will not be successful or the original product bearing the name will lose its leadership position.

Nonetheless, some companies do not want their new products to be anonymous with an unrecognized name. However, Ries and Trout propose that anonymity is not so bad; in fact, it is a resource. When the product eventually catches the attention of the media, it will have the advantage of being seen without any previous bias, and if a firm prepares for this event well, once under the spotlight the carefully designed positioning can be communicated exactly as intended. This moment of fame is a one-shot event and once it has passed, the product will not have a second chance to be fresh and new.

The Line Extension Trap

Line extensions are tempting for companies as a way to leverage an existing popular brand. However, if the brand name has become near generic so that consumers consider the name and the product to be one and the same, Ries and Trout generally do not believe that a line extension is a good idea.

Consider the case of Life Savers candy. To consumers, the brand name is synonymous with the hard round candy that has a hole in the middle. Nonetheless, the company introduced a Life Savers chewing gum. This use of the Life Savers name was not consistent with the consumer's view of it, and the Life Savers chewing gum brand failed. The company later introduced the first brand of soft bubble gum and gave it a new name: Bubble Yum. This product was very successful because it not only had a name different from the hard candy, it also had the advantage of being the first soft bubble gum.

Ries and Trout cite many examples of failures due to line extensions. The consistent pattern in these cases is that either the new product does not succeed, or the original successful product loses market share as a result of its position being weakened by a diluted brand name.

When Line Extensions Can Work

Despite the disadvantages of line extensions, there are some cases in which it is not economically feasible to create a new brand and in which a line extension might work. Some of the cases provided by Ries and Trout include:

Low volume product - if the sales volume is not expected to be high.

Crowded market - if there is no unique position that the product can occupy.

Small ad budget - without strong advertising support, it might make sense to use the house name.

Commodity product - an undifferentiated commodity product has less need of its own name than does a breakthrough product.

Distribution by sales reps - products distributed through reps may not need a separate brand name. Those sold on store shelves benefit more from their own name.

Positioning Has Broad Applications

The concept of positioning applies to products in the broadest sense. Services, tourist destinations, countries, and even careers can benefit from a well-

developed positioning strategy that focuses on a niche that is unoccupied in the mind of the consumer or decision-maker.

All forward-looking companies now regard positioning as the heart of competitive strategy. As the ultimate aim of any business strategy is to satisfy the customer, gaining a valued position in the minds of customers is essential. Some people argue that branding is really positioning, stating that unless a brand has a position, it has no unique value in the minds of consumers. You can establish a brand personality, and through precise market segmentation identifies and reaches your target audience, but what links them together is positioning the brand in the minds of that audience. But, what is a position and how do you arrive at a good strategy for achieving one?

The branding process seeks to create a unique identity, for a company, product or service, which differentiates it from the competition. And every brand has to have a strategic platform. One half of that platform is created by carefully formulating a distinct brand personality, which makes the identity of the brand unique. The other half of the strategic brand platform is positioning. Positioning is critical to brand building because it is responsible for projecting the brand identity and creating the perception and image of the brand in people's minds. In other words, positioning is the process of offering the brand to the consumer. It is positioning that makes the brand appear to be different and better than all competing brands. The key points to note about positioning are:

- It is a strategic, not a tactical, activity

- It is aimed at developing a strategic, sustainable competitive advantage

- It is concerned with managing perceptions

- Brand image and reputation are the result of the positioning process

Positioning is normally carried out using brand communications, but sometimes it is tempting for companies to try and step away from the brand position in an attempt to reach a different target audience. So can a brand only position itself in one way? How many positions can a brand have?

Positioning is the outward expression of a brand, and the reality, therefore, is that a brand can only have one true position. As positioning presents the identity and personality of the brand to the outside world, a multiple personality would seem odd at the very least, and at worst, schizophrenic. Consumers make brands famous for many reasons, of which the most important is that they come to trust brands as friends. That is why deciding on the brand-positioning strategy is such an important part of brand strategy. However, there are ways in which the brand

may be presented differently to various target audiences. The success of this depends on an accurate judgment of the segments that exist in the market, and the segments' precise needs and wants.

For example, a chocolate-based drink may have a central positioning of nutrition. This could be presented as an energy-giving drink for active people, a dietary supplement for the elderly who have trouble eating many solid foods, an essential growth supplement for youngsters, and a relaxing drink for tired people before they go to bed. By appealing to these various segments, we have not stepped away from the central positioning.

Check Your Progress 4

1 The _____way of getting into someone's mind is to be first.

   a. Most difficult

   b. Easiest

2 The power of the company comes from the power of its _____.

   a. Brand

   b. Product

3 Change is inevitable and a _____must be willing to embrace change rather than resist it.

   a. Leader

   b. Marketer

4 A brand's name is perhaps the most important factor affecting _____of it.

   a. Demand

   b. Perceptions

5 IBM instead of _____.

   a. International business machine

   b. International business mechanism

2.6   Introduction of an International Brand - Case Study

Case Study - BACARDI

Background

The spirits market in India is still at an evolutionary stage and has only just emerged from being a regulated market, with very few established local players. Indian consumers have not had anywhere near the kind of choice available in the developed markets of the - world. India has traditionally been a brown spirit market, which meant that rum and whisky have been the dominant product categories, with brandy claiming some limited share as well. Until a few years ago, white spirits, wines, liqueurs, cognacs, etc., were only present in upper end niche markets and all put together, were negligible in comparison to browns. This situation was common in many parts of the world as well - but twenty years ago. Those markets have since developed and white spirits now hold strong category shares.

Under the impact of the economic and cultural liberalisation policies that were put into effect in India during the early '90s, the spirits industry also saw a gradual shift towards white spirits and lighthearted drinking, away from the traditionally serious brown spirits.

As in other parts of the world, white spirits are gaining importance. It is this opportunity that Bacardi-Martini identified, and then, took a conscious decision to make their entry into India.

White Spirits in Greater Detail

The only major international white spirit brand in India at that time was Smirnoff vodka. Local brands, such as Karmazov and Romanov, had been around before that but were extreme niche brands and had no pan-Indian presence. Apart from vodka, gin was the other white spirit present in the market with Blue Riband being the only major player. In effect, white spirits were a nascent category. Attitudes to white spirits reflected some key problem areas:

Whites are often seen as softer spirits, without the strength and punch of mainline liquor, such as whisky and rum. White spirits are also directly linked to femininity (e.g., "gin is a woman's drink").

In terms of drinking occasions, white spirits were/are seen to fit into the daytime period, i.e., for an afternoon drink (pink gins at lunch?). This potentially limits consumption and thus volume sale.

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Research clearly showed category associations to be with 'smooth, light-bodied', mixed with lime/orange, 'summers', afternoon', 'women', etc.

Research

Among the several market researches commissioned by Bacardi Martini India Ltd., two were particularly useful: Concept Testing and a Usage & Attitude Study. These are outlined below.

Concept testing

Generally, the first stage in the development, positioning and communication of a brand involved the creation of certain brand concepts, which then had to be tested on the consumer. Therefore, Bacardi developed six concepts for this purpose, (detailed below), that were felt to have a relevance to both the brand, and to the motivations of the Indian consumer. The qualitative research was conducted at metropolitan centres across India; the method used was of exposing a focus group comprising likely future consumers to each concept and then eliciting their reactions on the same. To make the concepts lifelike, concept cards and mood boards were used.

Usage and attitude study - key findings:

A.   Penetration & Profiling

One out of five (21%) people have an alcoholic drink regularly (as seen in the past one month). For women it drops down to 4 per cent as compared to 17 per cent men who drink spirits regularly.

Penetration is relatively lower in the 18-24 age group (13%).

Drinking of scotch, vodka and white rum was more predominant towards Mumbai, whereas Indian whisky was concentrated more in Delhi.

While a majority of the drinkers are in the 25-44 age group, vodka and scotch are predominantly consumed among the younger half of the segment.

Heavy drinkers of rum and Indian whisky generally belong to the lower social class while the majority of scotch, vodka and white rum heavy drinkers belong to the Al group.

B.   Category Penetration: Usage & Frequency

(Details relating to only white spirits are given below)

Gin Drinkers

Highest penetration of white spirits among regular drinkers (62% ever triers and 17% past month drinkers).

Average frequency of consumption lowest among all categories (2.4 times/month).

One out of three (34%) gin drinkers consume vodka regularly.

Higher penetration among the young adults (24%) vs. total (17%).

Vodka Drinkers

Less than half (45%) the drinkers have tried vodka but only 13 had it in the past month.

Low average frequency of consumption (92.5 times/month).

High penetration among young adults (29%) vs total (13%).

Four out of five (38%) vodka drinkers also consume gin.

White Rum

Very low ever triers (21%) and past month drinkers (2%).

C.   Brand Awareness and Consumption

(Relating to only white spirits)

White Spirits: Blue Riband Gin is a dominant white spirit brand (32%) followed by vodkas – Smirnof Karmazov and Alcazar.

Image Associations: Gin/Vodka - Smooth, light-bodied, mixed with lime/orange, associated with summers, afternoon, women, etc.

The Brand

Brand history

In 1862, Don Facundo Bacardi set up a small tin-roofed distillery in Santiago, Cuba. Here he began manufacturing new Bacardi rum, using a formula he had hit upon after many years of experimentation.

Rum was, at that time, a fiery drink used by Caribbean seamen to ward off the cold; Don Facundo's new formulation transformed rum into a smoother, lighter, milder drink, called Bacardi. Over the next few years, the rum gained popularity all over Cuba, and Don Facundo began expanding his operations. He kept the formula a closely guarded secret as the Bacardi family's success story took hold. The product was entered in international exhibitions, where it was acclaimed alongside such wonders as A.G. Bell's telephone. His sons dreamt of

expanding the brand outside Cuba; Cuba was then on the road to independence, and was aided by a considerable US presence. Put together, these factors gave Bacardi rum a foothold in the US, the first step towards becoming a huge international brand.

Today Bacardi sells in over 170 countries; its popularity the world over has made it the No.1 international spirits brand in the world.

The Bacardi Bat

Inspite of six generations of the Bacardi family distinguishing itself in business, philanthropy and public service, easily the most recognisable member of the family remains the one with no name. It is the Bacardi Bat, the trademark that appears on the label of every product carrying the Bacardi surname.

Legend has it that Don Facundo's wife; Donna Amalia Lucia Victoria suggested making the bat the trademark for the new rum, perhaps because of the colony of fruit bats living in the rafters of the first Bacardi distillery. Donna Amalia, who was cultured in the arts, believed bats represented a blessing of good health, fortune, and family unity. But this suggestion of hers was also hard-headed and pragmatic. Illiteracy was common in the nineteenth century, and for a product to get recognised and sell, it needed a memorable graphic, logo - a trademark. The bat mythology helped. That is the power of mnemonic.

Word of Don Facundo's bat spread around the world along with his smooth new rum. The bats, local storytellers attested brought good fortune and added magical powers to his rum. Today the Bacardi bat is a welcome character in more than 170 countries around the world where Bacardi rum is sold and enjoyed. Accomplishing everything it was supposed to do for more than a century, the bat has elevated its presence to new heights.

Bacardi in the Indian context

Alcohol had never been comfortably accepted by post-Independence Indian society. Drinking was generally associated with the darker side of life, with deep and unholy secrets. Dingy bars, seedy-looking characters and drunk villains in Hindi movies, in stark contrast with the clean, honest and upright non-drinking hero-this typified society's outward attitude to alcohol drinking. Further, the absence of international players in the spirits category, as well as comfortably entrenched local brands, meant that the consumer had never been exposed to the glitzy and slick side of spirits marketing until the 1990s came along.

The '90s ushered in the winds of change in the entire social and economic fabric of the country, and like everything else, spirits shifted into gradual

movement away from the traditional perception. Bacardi was positioned to ride on this change. One of the key elements to be built into Bacardi's brand character was, therefore, its image as 'the icon of new age drinking'. Changing attitudes to drinking were already apparent, in that drinking was gradually coming out into the open, and especially in urban areas, gaining acceptance. By associating with, and by accelerating this process of change in a positive manner, the brand immediately gained relevance in the life of the consumer.

Defining core value

Internationally, the brand statement is:

The world's original, premium smooth rums, created in Santiago de Cuba in 1862, which captures the freedom, colour and passion of the Latin Caribbean spirit.

In India, Bacardi Carta Blanca's core value was defined as vibrant sensuality. This represents an unaffected pursuit of enjoyment through one's senses. Vibrant because the character of the brand is passionate, energetic and upbeat. Sensuality, strictly speaking is the appreciation through tactile senses (feel, hear, taste...). (In literal terms, sensuality is the overall sensory experience surrounding Carta Blanca).

Vibrant sensuality therefore means, "Living life true to your senses" in a style that is energetic and colourful (as opposed to languid or passive pleasure). Within the Bacardi portfolio, Carta Blanca is the flagship brand. It is the main image driver of the umbrella brand Bacardi; it is also the Indian consumer's introduction to the brand.

Selling Strategy for Bacardi Carta Blanca

Brand / Product

What is the brand / product to be advertised?

A range of rums, under the Bacardi name; historically better known for white rum and associated with the lighthearted Caribbean spirit of fun, frolic and water.

Brand / Position

What is the position the brand currently holds in the consumer's mind - and why?

An international brand of (exotic) alcohol.

Brand objective

How do we want the brand to be positioned in the consumer's mind?

As an icon of new age drinking.

Conceptual target

What 'natural' grouping of consumers, bound by a common set of values, singular outlook, attitudes, aspirations, do we wish to reach?

Post-liberalisation young adults.

Core desire

What is the conceptual target's most deeply held desire, need, want, and hope, that the brand best fulfils?

Unshackle them.

Role of the product

What is the functional/symbolic role of the product category in the lives of the consumer?

Functional: Relaxant

Social lubricant

Gives a high

Symbolic: Let your hair down... have fun.

Reason to believe

What is the most compelling rationale to support the role of the product?

Less intense in looks, hence eminently adaptable to broader drinking occasions.

Brand essence

What is the enduring spirit which anchors the brand - and how should it speak to the deeply held values of the conceptual target?

Vibrant sensuality.

Brand Activities

Television activity

Around the world Bacardi has a long association with a 'sun-sea-sand' imagery which has successfully maintained its brand salience, especially during launch phases. This imagery was also found to lend itself perfectly to the positioning developed for the Indian market. The sun-sea-sand route was researched, and was found to be very well received by consumers. This came through on the concept testing study, as well as on quantitative research

parameters. The concept that was tested was "Get away to be relaxed in a carefree world", via a sun-sea-sand execution. (The first concept in the research section above). Quantitative consumer research showed a strong acceptance of this particular concept, the product and its packaging.

Communication for the brand was led by television advertising, which used the international, 'Friends' commercial. The various elements in the theme 1V commercial (sun, sea, sand, free spirited interaction between the sexes) were in sync with the new attitudes to drinking, and with Bacardi as an 'icon of new age drinking'. The commercial represented taking drinking out into the open, far away from the dark atmosphere of elicits pleasures.

Below-the-line activity

This was supported by an extensive below-the-line package for the retail channel as well as on-premise outlets (pubs, bars, restaurants, etc.). The package developed on the sun-sea-sand theme was intended to maintain high salience levels especially during the crucial launch phase.

One critical element of the Bacardi persona was the several promotions that were conducted at pubs and discotheques across. The metros in India. The pub-going culture, which is still developing, has got a strong impetus due to Bacardi's popularisation of the concept.

Series of innovative promotion mechanics were designed for these on-premise outlets. The promos served various objectives:

To announce the launch of the brand, and to give the target consumer a feel of its trendy, young and vibrant character.

To generate a sampling of the product - this was a critical role given the fact that white rum was still a new product for the consumer.

To gain substantial incremental volume sales.

Of course the promotions also offered excellent opportunities to develop different elements of the Bacardi brand character. They have now been built into the long standing properties of the brand. Some of the key properties are:

"Batstage with Bacardi"

The Bacardi core consumer being 18-25 years old and urban, music is an effective medium to use to get through to him. The idea was to sponsor live bands to perform on a given night in pubs and discotheques. This was to be done on a regular basis and branded "Batstage with Bacardi". The first such event was a Savage Garden concert in Mumbai in April 1998, followed by one with Diana

King. These big events gave the activity momentum that sustained it through the year.

A range of collateral material was designed to create the right ambience for the event. This included posters, tent cards, table mats, coasters, etc. The "Batstage with Bacardi" property has ensured that the brand remained topical and very much a part of the young and happening music. It is being used this year as well and is being built up as a long term property of Bacardi.

"Latino nights"

The world over, Bacardi is seen as having originated in Cuba in 1862, and the heritage built around this idea was an important part of the brand. In India, however, the concept of Cuba means very little, and people's perceptions of it are very hazy. It was therefore decided to concentrate on 'Latin-ness' and not just on Cuba. Latin culture happens to be on an upswing around the world and is seen as energetic, vibrant and rhythmic; fun-loving people like Ricky Martin and Gloria Estefan have further helped popularise this culture. Bacardi's history was therefore to be communicated in this context.

An ongoing event called 'Latino Nights' was created and conducted at pubs and discos in all metros. A Latin ambience was created at the venues using a variety of items from invitations to posters, from Latin music to vinyls. Press ads advertised the event and drew traffic to these outlets. Additionally, special offers and promotional games were used to make the evening an enjoyable one for pub-goers.

"Bacardi Blast"

The Bacardi Blast is a property designed to build an association for the brand with partying, and with party music. During the first year, Bacardi had tied-up with Channel [V] to popularise the Bacardi Blast. The event also attempted to synergistically bring together below the line and above the line activities. A weekly one hour programme with the same name was scheduled on Channel [V]. Below the line, the event was a huge party organised at the most happening disco-theque in a city. Every month, the party moved from city to city to cover major nightspots in each. These were then covered on the 1V programme, along with the latest hits and dance numbers.

The Blast was a big success below the line in all the cities it went to, and is synonymous with an ultimate party for regular disco-goers. It continued in the second year as well.

Others

Other promotions and activities during the year included: sponsorship of the Asian Beach Volleyball Tournament in Mumbai, sponsorship of a Ricky Martin concert in Mumbai, "Night of the Bat" theme evenings at pubs, and sampling nights at all on-premise outlets.

Marketing Activities

Neck tags: These are hung on every Bacardi bottle sold at retail points. They serve to educate the consumer about the different ways of consuming the product, and give him an overall flavour of its colourful and vibrant personality.
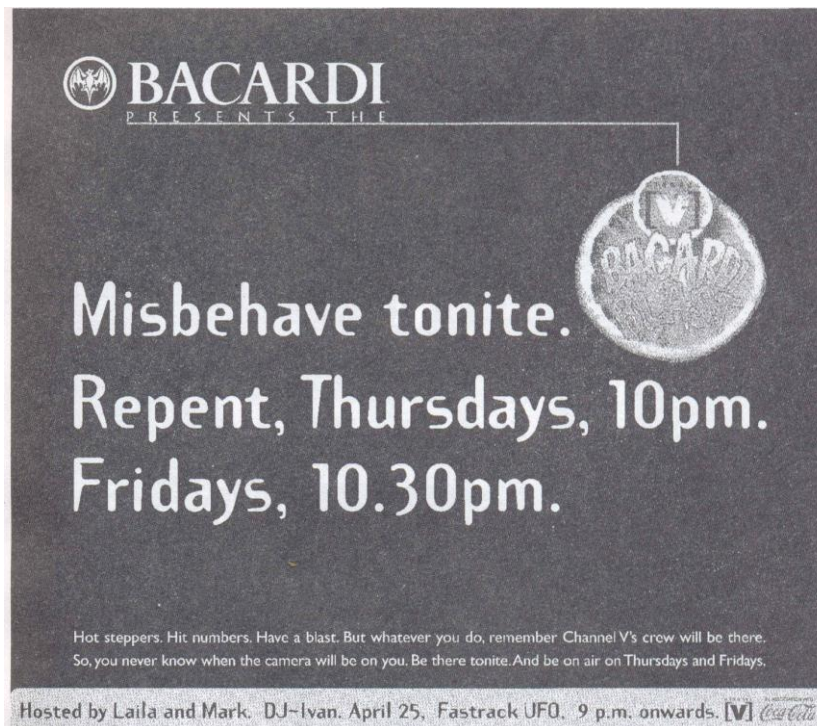

Fig 2.3 Neck tags

On pack promotion: was used during the festival season (Oct-Nov) to provide an additional thrust to short-run volumes. The offer was of two glasses free with every 750ml bottle purchased at retail. The promo was supported with POP that ensured high visibility at point of purchase.
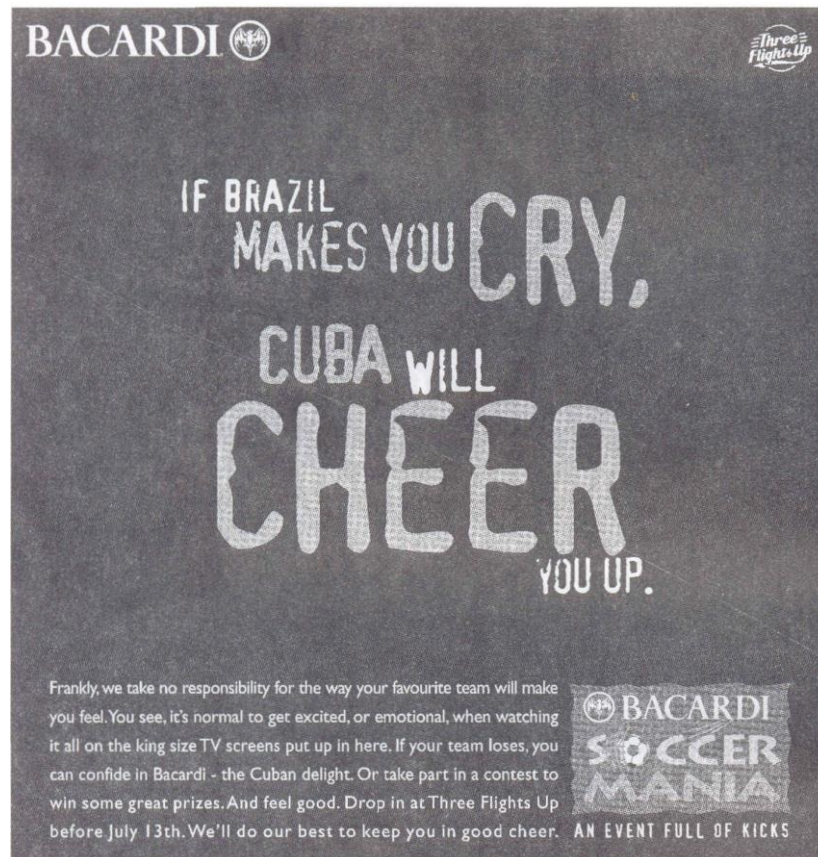
Fig 2.4 Neck tags

Pitcher promotion: was run at key on-premise outlets in the metros. This activity was held in association with Coke; the offer was a discounted price for consumers' buying a pitcher of Bacardi & Coke. A pitcher contained 5 drinks. On-premise collateral was used to publicise the promotion.

Sampling nights: were organised at all key outlets in all markets. The venue decor was designed so as to create a splash for the brand upon its entry into the city. Sampling was an activity of key importance, given that white spirits in general, and white rum in particular, new concepts, and the consumer needed an introduction to both the product and the various ways in which it could be consumed. All consumers entering the outlet on a sampling night are given a shot of Bacardi with a mixer of their choice (Coke, Citra, soda, etc.), in a cup designed specifically for Bacardi sampling nights.

Performance

This section covers indicators of the brand's performance in its first year since launch, and a SWOT analysis of Bacardi today.

SWOT

Strengths

- Premium international product with world leader credentials.

- Successful launch

- Strong advertising (leading to unusually high awareness levels).

- Product acceptability (in terms of taste, mixer versatility, etc.).

- Badge value

Weaknesses

- White spirit imagery is less macho and substantial

- Severe restrictions on advertising limit image-building effectiveness.

- Wide mixer appeal dilutes its status as a 'mainline' spirit

Opportunities

- To own the white spirit category

- Drive the trend of on-premise drinking

- Leverage premium and quality status across other categories (e.g., dark rum)

- Develop a Bacardi franchise across various consumer segments

Threats

- Government regulations

- Broadcasting bill

- Several new entrants in the international spirits category; and in international beer

- As yet only a single brand offering

The Brand Today

In the first year of launch, Bacardi attained and surpassed its volume targets. This can be gauged from the fact that the first year's volumes exceeded those of its closest competitor, Smirnoff vodka, a brand that had been established in the market for over 4 years. Initial reports indicate that the volume and its growth are being sustained in the second year of operations. Already, Bacardi Carta Blanca is reported to have garnered over 10 per cent of the international spirits market in India.

Finally, the key to the success of the brand has been not just a quality product, but a complete brand package that meshes in with current social trends and with the needs of today's youth consumers.

Check Your Progress 5

1. The only major international _____spirit brand in India at that time was Smirnoff vodka.

   a. White

   b. black

2. Generally, the _____stage in the development, positioning and communication of a brand involved the creation of certain brand concepts.

   a. First

   b. Final

3. _____had never been comfortably accepted by post-Independence Indian society.

   a. Education

   b. Alcohol

2.7　　Let Us Sum Up

This unit has focussed on brand positioning and explained the topic very nicely. The concepts of brand positiong, its meaning and importance were very well explained by the writer.

Here in this block we studed that identifying where a specific brand is placed within the marketplace and its relationship to competitive brands. To understand the concept of positioning we can consider the human mind as consisting of a perceptual map with various brands occupying different positions in it. This concept of perceptual space forms the theoretical basis for brand positioning.What this leads to is the perception of the consumer, which decides the positioning of any brand. It is important to note that what a marketer does is to find a position for its brand in the perceptual space of the consumer and place it at the most lucrative point. Hence, Positioning is not what you do to the product; it is what you do to the mind of the prospect. It's about communicating a consistent

message to consumers about the product and where it fits into the market — through advertising, brand name, and packaging.

This unit has certainly been able to help the students in making them understand the basics of brand and brand positioning.

2.8   Answers for Check Your Progress

Check Your Progress 1

Answers: (1-a), (2-b), (3-b), (4-a), (5-b)

Check Your Progress 2

Answers: (1-a), (2-b), (3-a)

Check Your Progress 3

Answers: (1-a), (2-a), (3-a)

Check Your Progress 4

Answers: (1-b), (2-a), (3-a), (4-b), (5-a)

Check Your Progress 5

Answers: (1-a), (2-a), (3-b)

2.9   Glossary

1. **Brand extension -** the use of an established brand name on products or services not related to the core brand.

2. **Co-branding -** offering two or more brands in a single marketing effort.

2.10   Assignment

1. What is positioning and what are the strategies suggested by Al Ries and Jack Trout for Positioning?

2.   What applications does positioning have? Take an example of an Indian Brand and explain its positioning with its marketing segmentation

2.11   Activities

1.   What are the rules that apply for positioning a product?

2.   What are the immutable laws of marketing that help positioning?

2.12   Case Study

1.   What are the three key issues to consider while developing positioning?

2.   What are the seven approaches to positioning?

2.13   Further Readings

1.   Marketing Management (Twelfth Edition) – Philip Kotler.

2.   The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.   The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.   Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5.   Marketing Warfare - Al Ries and Laura Ries.

6.   Competitive Strategy – Michael E Porter.

7.   Product Management – S A Chunawalla.

8.   Brand Management – Y L R Murthy.

9.   Managing Brand Equity – David Aaker.

10.   Building Strong Brands – David Aaker.

11.   Branding Concepts and Process – Debasispati.

12.   What is a Brand? – S King.

UNIT 3: BRAND REPOSITIONING

Unit Structure

3.0   Learning Objectives

After learning this unit, you will be able to understand:

- What is Repositioning?

- Explain the benefits of successful brand Repositioning.

- About Aspirational Vs Achievable strategies.

- Various types of brand Repositioning.

- How can we successfully reposition our brands

3.1   Introduction

Repositioning is a strategy wherein you create a slightly different image of your brand not going away too far from the brand's core values. Sometimes there are no unique positions to carve out. In such cases, Ries and Trout suggest Repositioning a competitor by convincing consumers to view the competitor in a different way. Tylenol successfully repositioned aspirin by running advertisements explaining the negative side effects of aspirin.

Consumers tend to perceive the origin of a product by its name rather than reading the label to find out where it really is made. Such was the case with vodka when most vodka brands sold in the U.S. were made in the U.S. but had Russian names. Stolichnaya Russian vodka successfully repositioned its Russian-sounding competitor's by exposing the fact that they all actually were made in the U.S., and that Stolichnaya was made in Leningrad, Russia.

When Pringle's new-fangled potato chips were introduced, they quickly gained market share. However, Wise potato chips successfully repositioned Pringle's in the mind of consumer's by listing some of Pringle's non-natural ingredients that sounded like harsh chemicals, even though they were not. Wise potato chips of course, contained only "Potatoes, Vegetable oil, Salt." As a resulting of this advertising, Pringle's quickly lost market share, with consumers complaining that Pringle's tasted like cardboard, most likely as a consequence of their thinking about all those unnatural ingredients. Ries and Trout argue that is usually is a lost cause to try to bring a brand back into favor once it has gained a bad image, and that in such situations it is better to introduce an entirely new brand.

Repositioning a competitor is different from comparative advertising.

Comparative advertising seeks to convince the consumer that one brand is simply better than another. Consumers are not likely to be receptive to such a tactic.

3.2   Successful Repositioning

Aspirational vs. Achievable Strategies

Overview

Many marketers are rethinking their brand's positioning because competitive pressures, new channels, and changing customer needs have eroded their brands' positions of strength.

However, increased marketing expenditures to reposition brands often fail to produce any improvements in either overall image or market share.

Our experience has shown that companies should focus on achievable rather than aspirational positioning, and that three steps can help ensure success:

1. **Ensure relevance to a customer's frame of reference.**

   - Be fully aware of the brand's "frame of reference" so that a Repositioning strategy will resonate with customers.

   - Look at a combination of customers' attitudes and the situations in which the brand is used to obtain the most powerful customer insights.

2. **Secure the customer's "permission" for the positioning.**

   - Recognize that permission amounts to a reasonable and logical extension of the brand in the customer's eyes.

   - Leverage a brand's unique emotional benets to carry customers from their current brand perception to the intended one.

3. **Deliver on the brand's new promise.**

   - Identify the pathway of performance "signals" that will convince customers of the new brand positioning.

   - Develop product/service programs to ensure consistent performance on these signals.

   - Track and assess performance against customer signals prior to launching the new positioning.

   - Adopt an "interim positioning" to establish brand credibility and performance.

An array of factors is require marketers today to rethink their brand positioning. Changing customer needs are often eroding the brand's established

position. At the same time, increasing competitive pressures created by new entrants and product innovations, and the proliferation of new channels and promotional campaigns are driving marketer's back to the drawing board.

Many CEOs and CMOs, however, they displeased with the results of their Repositioning efforts. Increased marketing expenditures devoted to Repositioning brands in the minds of consumers often fail to produce any improvements in either overall image or market share.

Why do these well-intentioned efforts turn into marketing failures? While there are many causes, companies often fail to focus on achievable brand positioning rather than aspirational brand positioning. Too often, their efforts target an ambitious goal that outstrips the actual ability of the brand to deliver on what it has promised to customers. Or the goal is too far from customers' current brand perception to be a realistic brand objective. For example:

- In the late 1980s Oldsmobile wanted to revitalize its brand and gear it to a younger audience. Thus marketers at General Motors launched a creative campaign around the tagline, "Not your father's Old mobile," highlighting the car's improved styling and new features. But for many younger consumers, this was too much of a stretch for the brand. The product modications did not go far enough to meet the needs and expectations of the new customer set they were targeting. As a result, Old mobile recognized the need to shift its campaign. Eventually, GM closed its Old mobile division.

- More recently, United Airlines' Rising campaign attempted to position the brand as the most passenger-centric airline, with a clear understanding of customer problems and the solutions needed to solve them. The campaign had the effect of raising expectations, which were quickly dated; however, by the brand's inability to deliver against the promises made as part of its bold new positioning platform. Consequently, United was forced to change its central brand message – no longer emphasizing Rising.

- Many high-tech businesses have recently repositioned themselves as e-business brands. However, little effort was made by these brands to clearly differentiate themselves from one another, despite the millions of dollars spent on elaborate marketing programs. The net effect, according to our research, has been to sow confusion in the minds of customers, rather than to forge strong brand identities.

These examples underscore the imperative to pursue a brand positioning that is eminently achievable, not just attractive.

Based on our experience, three steps can help ensure that they make this

Distinction:

1. Ensuring relevance to a customer's frame of reference;

2. Securing the customer's "permission" for the positioning; and

3. Making sure that the brand delivers on its promise.

Be Relevant to the Customer's Frame of Reference

When Repositioning a brand, it's essential for marketers to capture not just the emotional and physical needs of the customer, but the dynamics of the situation in which those needs occur. We refer to this as the customer's "frame of reference." For example, while Rasna and Tang are thirst-quenching drinks, consumers tend to think of them in the broader context of sports, exercise, and physical activity.

Importantly, the frame of reference sets the parameters for customers' consideration set – the brands they will choose from.

Indeed, most customers have a very specific definition of what the brand is and what it can be relative to their frame of reference.

Repositioning a brand too far from this frame of reference creates customer confusion that makes a positioning unsuccessful.

Being fully aware of the frame of reference for a brand can help ensure that its Repositioning strategy will resonate with customers.

But the frame of reference is usually a combination of both customers' attitudes and the situations in which the brand is used. As a result, we typically find the most powerful customer insights and segmentation come from looking at a combination of these factors.

• In some categories, customers' broader attitudes are the dominant factor. How customers think about pet-related brands, for example, can be seen in the context of how they treat their own pets – whether they view them as family members, best friends/companions, or in a less personal way. If customers view pets as family members, the optimal message for the brand will appeal to such human qualities as nurturing and pampering. This "family member" orientation or frame of reference may help support a

brand extension to a full range of pet services, such as grooming and accessories.

- Other customer needs are not as consistent, but better understood within the context of specific situations or subcategories. In the field of airline travel, for example, the customer's frame of reference may be a function of the type of trip they are taking. The customer who is used to traveling within the U.S. in cramped coach-class conditions, for example, will have a much different set of needs and expectations than the traveler who is used to flying to international destinations with all the comforts of first-class service.

- As a result, in most instances the frame of reference is built upon a combination of both of the above attitudinal and situational forces. For example, while consumers may generally have a health-conscious attitude about the foods they eat, on certain "special" occasions they may allow themselves to become more indulgent, creating what we call a "need state."

Securing the Customer's "Permission"

Establishing the frame of reference does not automatically translate into successful brand Repositioning. To reach that end point, marketers must first ensure they have the customer's "permission" to claim the new ground to which the brand aspires. Because that permission amounts to a reasonable and logical extension of the brand in the eyes of the customer, it requires building a "bridge" that can carry customers from where they perceive your brand to be today to where you want to take it in the future. Thus, for the Celestial Seasonings brand, the bridge leverages customers' perceptions of the brand as "organic, natural, and healthy" to allow the brand to extend from its core product offering of teas into herb-based and "alternative" vitamin and mineral supplements. Similarly, Marriott uses customers' perceptions of the brand as a leader in hotels and "living-care" to extend the brand into assisted living for senior citizens.

Intangibles

Emotional brand benefits can provide the most powerful source of brand permission. If a brand is currently meeting the customer's emotional needs, then extension of that brand into an allied product/service arena becomes much more plausible and acceptable – the extension is likely to be granted customer permission. For example, the strong emotional benefits associated with the Hallmark brand in greeting cards allowed for the extension of the brand into

wrapping papers, ornaments, and other products with emotional ties to celebration and commemoration.

A strong brand identity can also help marketers secure the desired permission from consumers. Because Victoria's Secret owns or is associated with the notion of intimate moments, for example, it would be easier for that brand to get permission to introduce a new line of lingerie or perfume with a sensual connotation than it would be to launch a line of jeans or handbags.

In Repositioning, marketers must embrace the idea that they are brand "stewards," while customers define their relationship with the brand and determine the basis for the relationship. A steward must spend more time deeply understanding what customers really think about the brand and where potential "bridges" to growth and new positionings exist.

Make Sure What You Say is What You Do

After the brand position has been developed, marketers must ensure the brand performance is able to live up to its new promise. While "do what you say" has always been Rule No. 1 for building brand equity, following that rule can be a significant challenge for many companies. This is particularly true in service industries, given the need for tremendous organizational change, and industries that require long lead times for organizational or infrastructure changes. Such changes occur at the same time customers are being presented with the new brand position.

Three important steps can help win customer acceptance:

- Identify the pathway of performance "signals" that will convince customers of the new brand positioning so that what you say is in fact what you are able to do. We have found that you can quantify which brand elements are more important for creating the desired impact on the customer's overall brand image and how these elements impact each other in the process.

Marketers should not attempt to cover the waterfront here, but instead focus on the relevant interrelated "hot buttons" that will clearly convey the message. For example, in the case of a technology brand positioning itself as "humanizing technology for everyday people," the strongest set of pathways to the positioning came from product signals such as customized hardware and specific application platforms (e.g., games, household management) rather than from equipment with the latest features and innovative design. The pathway modeling also indicated the strong signal value of the brand's customer service representatives having an understanding of an individual customer's needs. This important service signal led

to the broader customer perception of the brand as caring – an important personality signal for the brand to deliver on its positioning.

Additionally, the marketer learned that having technicians follow through with customers to issue resolution was a critical service signal that led to the broader personality signal of the brand being professional – another key for the brand to live up to it's positioning. With these insights, the marketer could allocate resources accordingly, ensuring that the more important signals were being appropriately supported.

- Develop necessary product/service programs to ensure consistent performance on these signals to the customer. For example, if the brand positioning is built around superior customer satisfaction, but frontline sales people are measured on revenue rather than satisfaction, it is unlikely that consistent performance will be achieved. So, if airline gate agents are the first and most important contact point for customers, they should be empowered to solve customers' issues instead of redirecting them to customer service personnel. In the technology brand example, given the importance of the customer service representatives and service technicians, there should be a greater emphasis on the quality of the service delivered rather than on the number of customers that can be serviced over a given time period.

- Make sure approaches are in place to track and assess your performance against these customer signals prior to the formal launching of the new positioning.

Applying rigorous quality assurance procedures to key elements of the new brand experience will often ensure that customers are not disappointed, or fail to have their expectations met. Current data-collection methods allow for rapid response and can be leveraged to determine whether the launch programs are having their desired effect on brand perceptions.

Due to the complexities of brand positioning, many marketers are correctly choosing to move to an "interim positioning." This interim positioning is designed to establish brand credibility and performance on the road of fully achieving the longer-term aspirational positioning. Such a positioning focuses on those aspects of the brand on which the organization is currently able to deliver. Interim positioning is often essential when a brand stakes out new territory considered "up market," addresses an important or long-standing deficiency, or is attempting to redefine its competitive set. As the brand evolves (based on customers' changing perceptions), additional components of the new platform can be put into place and

confidently communicated to consumers. Target Stores successfully employed an interim positioning as it evolved the brand up market from a position as a discount retailer of national brands to a contemporary "urban chic" retail brand providing good value. The interim positioning emphasized value without sacrificing style and involved specific merchandising efforts such as stylized color blocking and associations with name designers. As the brand evolved to its current positioning, it further emphasized the "designer" theme in its advertising, often having models wearing various housewares as high fashion. By focusing on achievable instead of aspirational brand positioning, companies can help ensure meaningful market share results while enhancing their brand image. This requires, however, that the new brand position too comfortably within the customer's frame of reference, and that it not attempt to over reach. Marketers must also secure the customer's permission to extend the brand by building a bridge of relevant benefits to carry customers from the current to the intended brand position. Implementing the performance delivery systems to ensure the brand is able to live up to its new promise is the final critical step in building and executing a successful brand positioning program.

Check Your Progress 1

1. Many marketers are rethinking their brand's _____ because competitive pressures.

   a. positioning

   b. place

2. Increased marketing _____ to reposition brands often fail to produce any improvements in either overall image or market share.

   a. expenditures

   b. revenues

3. Changing _____ needs are often eroding the brand's established position.

   a. customer

   b. producer

4. Due to the complexities of brand positioning, many marketers are correctly choosing to move to a "_____ positioning."

   a. interim

   b. brand

5. _____should not attempt to cover the waterfront here, but instead focus on the relevant interrelated "hot buttons" that will clearly convey the message.

a. Marketers

b. consumer

3.3   Nine Types of Repositioning

Positioning is the art of creating a distinct image for a product in the minds of the customers.

Repositioning is changing the positioning of a brand. A particular positioning statement may not work with a brand. For instance, Dettol toilet soap was positioned as beauty soap initially. This was not in line with its core values. Dettol, the parent brand (anti-septic liquid) was known for its ability to heal cuts. The extension's "beauty" positioning was not in tune with the parent's "germ-kill" positioning. The soap, therefore, had to be repositioned as"germ-kill" soap ("bath for grimy occassions") and it fared extremely, well after Repositioning.

Here, the soap had to be repositioned for image mismatch. There are several other reasons for Repositioning. Often falling or stagnant sales is responsible for Repositioning exercises.

After examining the Repositioning of several brands from the Indian market, the following 9 types of Repositioning have been identified, which are:

1.   Increasing relevance to the consumer

2.   Increasing occasions for use

3.   Search for a viable position

4.   Making the brand serious

5.   Falling sales

6.   Bringing in new customers

7.   Making the brand contemporary

8.   Differentiate from other brands

9.   Changed market conditions.

It is not always that these nine categories are mutually exclusive. Often one reason leads to the other and a brand is repositioned sometimes for a multiplicity

of reasons. Illustrations of the above types of Repositioning are listed below. (Note: Some of these Repositioning statements have been changed again.)

1. Increasing Relevance to Consumer

A brand that has been existent in the market for sometime may lose touch with consumer's because the consumer's needs may have changed. Thus, it is possible that a brand is fundamentally sound and yet is not in sympathy with the consumer's current concerns. Such a situation calls for a change in positioning. The following examples illustrate this concept.

Lipton Yellow Label Tea

Lipton Yellow Label Tea was initially positioned as a delicious, sophisticated and premium tea for the global citizen. The advertisements also echoed this theme. For instance, all the props and participants in the advertisements were foreign. It is possible that this approach did not find favour with the customers. The Repositioning specifically addressed the Indian consumer through an Indian idiom.

Visa Card

Visa Card had to change its positioning to make itself relevant to customers under changed circumstances. Initially it asked the customer to "pay the way the world does" (1981). This is to give its card an aura of global reach. But as more and more cards were launched on the same theme, to put itself in a different league, it positioned itself as the "world's most preferred card" (1993). To highlight the services it provided, it shifted to the platform of "Visa Power" (1995). This focus on explaining the range of services available with the card continues till date ("Visa Power, go get it").

Cadbury's Bournvita

Bournvita is a case of how a brand changes its positioning in keeping with the changing needs of customers. Initially, the emphasis was on its good taste ("taste additive to milk"). Then as the customer's became more demanding, the pitch was modified to include the nutritive aspect as well ("extra nutrition, extra taste"). Later, to make itself more attractive it claimed to give sharpness of mind ("nutrition, mental stimulation).

2. Increasing Occasions for Use

Sometimes the positioning chosen becomes too narrow. This might lead to a situation of having too few customers. Such a small franchise may make the brand

commercially unviable. One of the methods of increasing use is by increasing the usage rate.

This is done by increasing the number of occasion's available for use.

Cadbury's Drinking Chocolate

Cadbury's Drinking Chocolate initially called itself "good night cap" signifying the time of consumption. The user base possibly proved to be small. In an effort to increase the numbers, it positioned itself as a drink for the "happiest time of the day." This was an effort to get the brand consumed during any time of the day thereby increasing the occasions for use.

Monaco

Monaco biscuits were initially positioned as the "perfect salted" biscuits. To increase the occasions for use, it pitched itself as "Excellent plain, terrific with toppings." What was essentially a plain, salted biscuit turned itself into a biscuit that can be consumed as it is or with toppings, thereby increasing its occasions for use.

Dettol Liquid

Dettol-the antiseptic liquid is basically used to prevent cuts and gashes from developing sepsis. To increase the occasions for its use, it shows several other avenues. These are i) for the shaving mug ii) for washing babies' clothes iii) for use during illness for washing and swabbing. These uses are listed on the Dettol bottle itself.

Odomos

Odomos cream was one of the first mosquito repellants in the market. It was essentially pitched as an indoor mosquito remedy. For sometime it was very popular. Later, as mosquito mats entered the market, creams became less popular as they were seen as sticky. One way of combating the mats was to fight them outdoors. Since outdoor locations normally have no power supply, cream was positioned for "indoor as well as outdoor" use. This broadened the competitive space besides increasing the occasions for use.

Complan

Complan had at various times positioned itself as "food for the convalescing", "against Horlicks," "for the family" (fussy child, busy executive, tired housewife). This is possibly because it was trying to get a viable positioning statement. Finally, it seems to have found one in the positioning line "for growing children."

Milkfood's Yoghurt

Milkfood's Yoghurt was initially positioned as "anytime snack." This did not seem to have worked. So the pitch was changed to "It is not just curd." This could be hinting at both the fun value and the nutritive value of Yoghurt. Eventually, this positioning also did not work. Positioning it as "mishti-doi" (sweet curd) for the East and North Eastern parts of India would have possibly given it a better opportunity for success.

3.   Making the Brand Serious

Cadbury's 5-Star

Most Cadbury's brands went in for a change in positioning due to stagnation in the consumption of chocolate. Cadbury's 5-star was originally the "togetherness bar." As markets changed, a need was felt for making the brand more serious. Thus the positioning was changed as "energiser for the young achievers." One of the first advertisements to echo this idea showed how a ballet dancer was inspired to perform better after consuming 5-star. The advertisements have changed since; but the positioning retains the "energy-giving" pitch.

Saffola

Saffola was positioned as the edible oil "good for heart." To make the positioning more serious, the pitch "Heart is not safe without Saffola" was adopted. This put Saffola in a different league as compared to the other oils making it the most health-conscious brand in the market. In fact, Saffola stands out in a category cluttered with me-too brands.

4.   Falling Sales

Ambassador

The Ambassador was positioned as the "rugged road master." This positioning was in line with product perceptions because Ambassador is seen as a tougher vehicle than Maruti. However, Maruti proved to be sleeker, more fuel efficient and initially even cheaper. Thus the positioning was changed to "a member of the family." In other words, falling sales forced Ambassador to move from a rational pitch to an emotional pitch. (Even this positioning was later changed by Ambassador. But none of the positioning changes helped it because the product itself was seen as dated.)

Red Label

BrookeBond's Red Label is a typical example of how falling sales can precipitate Repositioning. Red Label is an age-old brand with a franchise of its

own. How ever, over a period of time it might have lost some of its relevance. Its traditional positioning was that Red Label was one of its kinds ("piyo-tojano"-drink it and you will know the difference"). When this was seen as dated, a new positioning statement involving patriotism was configured ("Desh-ka-pyaala"-India's tea"). This did not bring the expected volumes. Then the strength pitch was tried ("100% strong"). Finally, the current positioning is something that invites the old generation as well as the new generation to consume Red Label ("jiyo-mere-Iaal" - "long live my son", there is a pun on the word 'laal' which means son as well as red). Several attempts of Repositioning had to be made because of falling sales.

5.   Bringing In New Customers

Margo

Margo is an old soap popular in the East which sells on the "health" platform. It has neem as an ingredient to deliver this benefit. Margo's positioning traditionally attracted middle-aged buyers like Forhans. Margo wanted to attract new customers like the youth and made several changes to the product. The packaging was made more attractive and the communication was tailored to draw the attention of the youth. (The advertisement shows a young woman visiting her grandmother. She tells the old lady that since she uses Margo, she does not need neem leaves. The implication is that even young people use Margo.) There was, thus, a subtle change in positioning from" neem benefit" to "neem benefit for youth also." This slight Repositioning helped Margo win young customers without losing old ones.

No More Tears Shampoo

Johnson & Johnson launched a baby shampoo by name "No more tears." Sales were not encouraging. This forced J&J to look out for new users. If the shampoo can be used for babies,

it was reasoned, it will be extrasoft. So these extra-soft shampoos will be good for users who use shampoo often. Thus a baby shampoo was stretched to include "heavy users."

J&J Baby Oil

In baby oils also, J&J stretched what was essentially a baby product to a new user, namely the mother. The argument was that what was good for babies was good for mothers too.

Essentially, since the oil is soft on skin being baby oil, it attempts to attract mothers also as users.

Cinthol

Cinthol repositioned itself several times. In one of its initial attempts at Repositioning, it moved from being a "deodorant soap" to "soap for macho men." The appeal of a deodorant soap was limited. Thus due to market changes as well as for attracting new customers the positioning was modified to include "male" connotation without sacrificing the deodorant platform.

Cadbury's Diary Milk

It was found that most adults wanted to eat Diary Milk but restrained themselves because it was supposed to be consumed by children. Thus, a Repositioning campaign was launched which showed adults doing unconventional things (like a lady breaking into a jig in the middle of an overflowing cricket stadium) driving home the message that chocolates could be enjoyed by adults as well.

6.   Making the Brand Contemporary

Dabur Chyawanprash

Dabur Chyawanprash basically had the positioning of being good for health and digestion. To make the brand more attractive to the consumer, the nutritional element was added to its positioning.

KeoKarpin Hair Oil

KeoKarpin was positioned as hair oil that assisted "styling" the hair. It was hence endorsed by celebrities but in the recent years, hair oil came to be seen as some thing that makes the hair sticky. To make it more an acceptable in the changed circumstances, KeoKarpin was repositioned as "the non-sticky hair oil."

Onida TV

Onida was the first indigenous premium TV brand in India. Its unique advertising gave it a special status among well-to-do consumers. The hugely successful "devil" campaign proclaimed "Neighbour's Envy, Owner's Pride." In the mid-nineties, however, there was tough competition unleashed by MNC brands like Sony, Samsung and LG. Thus the positioning had to be made contemporary. It was then changed to "World's Envy, India's Pride" to signal that Onida was as good as the foreign brands. The new positioning is "Nothing but the truth" after the return of the devil. The new devil as shown below.

Fig 3.1 Onida

7. Differentiating Brands from Competitors

Mint-O

Mint-O's position in 1990 was "adult candy." This was to enthuse grown-ups to consume peppermint. This may not have helped the brand to stand out. In 1995, a position that directly aimed at competition (Nestle's Polo) was configured.

Polo positioned itself as "the mint with the Hole." Mint-O positioned itself as "All Mint, No Hole." One of the advertisements even argued, "If your head doesn't have a hole, why should your mint." Positioning the brand head-on with Polo gave it a distinct focus.

8. Changed Market Conditions

Horlicks

Horlicks was initially both a substitute and an additive to milk. This positioning served it well till the scarcity of milk was overcome in several parts of the country. Horlicks then shifted its positioning to "energy giver and health provider."

Illustrated Weekly

Illustrated Weekly was a leading family magazine targeting the households in the '70s. This position was taken over in the eighties by India Today. Thus, Weekly predominantly became a political magazine though it covered other topics as well. Finally, it became a broadsheet to save on costs and eventually exited. This shows how changed market conditions could force Repositioning though the Repositioning itself may not save the brand.

Milkmaid

A classic illustration of Repositioning is Nestle's Milkmaid. It started as a whitener for tea and coffee. Again like Horlicks, when the milk scarcity eased, it changed its positioning to "topping for cakes and puddings and use in dessert recipes."

To sum up, Repositioning is done with the intention of attracting customer's back into the fold. A study of the above types of Repositioning reveal that it is more often done to increase either the users or the number of uses.

Check Your Progress 2

1. _____is the art of creating a distinct image for a product in the minds of the customers.

   a. Positioning

   b. Repositioning

2. _____is changing the positioning of a brand.

   a. Repositioning

   b. positioning

3. Lipton _____Label Tea was initially positioned as a delicious, sophisticated and premium tea for the global citizen.

   a. red

   b. Yellow

4. _____was the first indigenous premium TV brand in India.

   a. Videocon

   b. Onida

5. _____basically had the positioning of being good for health and digestion.

   a. Dabur Chyawanprash

   b. rasna

3.4   Brand Extension   - Case Study: KeoKarpin

KeoKarpin Hair Oil

History

Until the early '80s, particularly in the Eastern region, the hair oil market was dominated by brands like Jabakusum, Mahabringaraj and coconut based oils. These were thick hair oils, which were promoted as ideal for the nourishment and maintenance of strong, beautiful hair. At that time the fashion, particularly for women, was to have long, thick, beautiful hair.
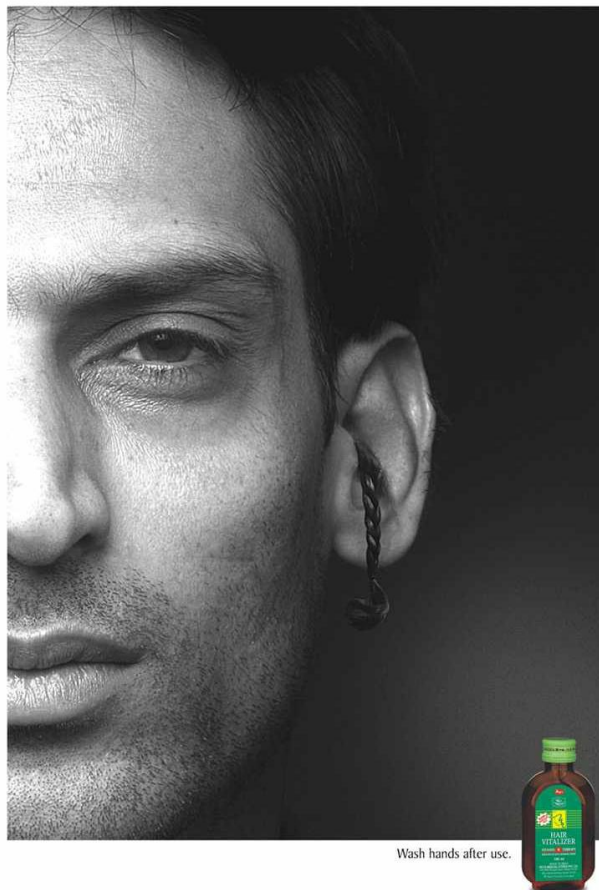

Fig 3.2 KeoKarpin Hair Oil

Dey's Medical, a pharmaceutical house in Calcutta, decided to make an entry into this market in 1985, with their hair oil KeoKarpin. They found that the thick hair oil market was stagnating with the changing fashion trends which advocated the use of less sticky oil. Besides, all the brands were sold on the generic platform of nourishment and cooling with no clear positioning, and advertising was restricted to only a few stray press ads.

KeoKarpin took advantage of the situation and repositioned itself as the light, non-sticky hair oil that aided styling. It breathed freshness into an

increasingly mundane category and, supported by sleek advertising and high visibility (in the newly introduced popular TV medium), carved out a distinctive category for itself - that of light hair oils. As luck would have it, the hairstyle fashion scenario also changed at about the same time. Women now preferred what could be called 'fluffy hair', and sometimes short hair, which meant that they needed non-sticky hair oils. As a result, KeoKarpin fitted the bill of current hairstyle requirements with its need for light hair oil. Through 1985-88 'me-toos' like Tata Green and Dabur Special joined the fray but without much success, as KeoKarpin exploited a phenomenal growth rate to consolidate its position in the North and the East.

The Table belowshows the growth rate.

KeoKarpin   growth rate (%)

Year	Growth Rate (%)
1985	57.7
1986	23.7
1987	24.2
1988	24.7
1989	18.6

Competitors' Activities

During 1989-90, Marico came out with a two-pronged attack on KeoKarpin (Parachute and Hair & Care). It relaunched Parachute as a light and contemporary coconut oil, attempted to refocus users towards time-tested natural hair oil. Other coconut oil manufacturers followed suit, modernising their own brands and together they started eating into the KeoKarpin user base. Launch of Hair & Care, a value-added modern option (lightness + nourishment of vitamin E, modern packaging and aggressive advertising) appealed to young consumers.

KeoKarpin was now under pressure to retain its market share. As a result, primary sales stagnated in 1990-91. Further, in 1992-93, primary sales declined. This prompted a total rethinking of the brand.

New Strategy

In 1993-94 therefore, the primary task was to bring the brand on stream once again and to stop erosion. To help understand both the market and the qualitative research was undertaken.

This qualitative research unearthed some valuable insights, such as:

- KeoKarpin was, no longer, a modern brand.

- Lightness was not KeoKarpin's exclusive property anymore.

- No physical value addition had been done to the brand vis-à-vis the competitive trend of having extra value proposition.

- Yet the brand commanded 67 % of the market in the light hair oil category. It was therefore necessary to look at the brand equity balance sheet.

This can be summarised as:

Brand Equity Laddering	kk equity laddering
(D) BONDING	How do I relate?
(D) KK my intimate confidante	
(C) EMOTIONAL BENEFIT	What does this
(C) makes me feel young,	
Mean for you?	
Modern and confident	
(B) RATIONAL BENEFIT	What do I do for you?
(B) Gives healthy, manageable	
Hair, I can style it any way	
I want	

(A) PHYSICAL ATTRIBUTE   What am I?

(A) Light, nourishing, non

Sticky perfumed hair oil

The brand appeal has therefore gone beyond physical attributes. It has created an emotional bond with consumers: "KeoKarpin is a part of me". The communication therefore needed to highlight this bond. Since hair styles were inextricably linked with the brand, they needed to be focused upon once again.

Creative Execution

To illustrate how "KeoKarpin is a part of me" Creative took three important stages in a woman's life, namely, college, marriage and motherhood.

Three contact points were chosen (shop, home and beauty parlour)..And the two were blended together in a contemporary setting giving aspirational vibes and indirectly giving support to nourishment (attractive hair, hair styles and specialist recommendation). This led to the "MeraHar din KeoKarpin" campaign.

Communication worked and the brand started recovering, leading to a growth of 11 per cent in primary sales during 1995-96. Emotional appeal still remained the strongest hook in brand communication - only the context had changed.

During 1996-97 it focused on mother's care –

"KeoKarpin ek mamta bhari dekh bhal" - thus successfully countering the high profile campaigning of the competition using the theme of nourishment. During 1997-98 it focussed on the theme, 'yearning for romance', associating it with the contemporary housewives' desire for their husbands' attention. Thus, even in a strong competitive market KeoKarpin managed to hold on to its core consumers and registered a growth trend. The Table below gives the position in 2000.

Table KKHO PRIMARY SALES (KL)

1997-98   3700 (KL)

1998-99   3900 (KL)

1999-2000 (Est.) 4250 (KL)

Brand Extensions

   Taking advantage of the brand equity of the KeoKarpin brand, the company decided to extend its activities into allied categories, such as:

a.   Hair problem solver category, with KeoKarpin Hair Vitalizer;

b.   Skincare, through launch of body oil leveraging the non-sticky property of the oil (the inherent USP of the KeoKarpin brand).

Problem solver

KeoKarpin Hair Vitalizer

History

Product formulation: 5 internationally accepted proteins and vitamins, Keratin, Biotin, Panthenol, Resorchinol and Nicotinic Acid in alcohol base.

Brand performance

Sold as a medicinal hair tonic under medical prescription

Launched in 1983 as an OTC product

Offering solutions to hair fall and dandruff

Advertiseme-Testimonial in nature

Brand steadily grew till 1989

Post -1989 influx of competition: Anoop / Oasis / Vaseline Hair Tonic / Pantene / Arnica PlusTriofer.

Category slumped and sales stagnated

Research indicated that the reasons were:

Overclaim- leading to over expectation

Problem solver nature of the category automatically restricts it to a certain extent of volume growth.

Action taken

KeoKarpin utilized communication as the problem solver, which boosted sales but could not hold on to the consumers, except for those who were very concerned with their problem.

This product category has an inherent drawback. If it solves the problem of 'falling hair', the customer stops using it after sometime. If it fails to solve the problem, the user stops using it anyway, it therefore has a credibility problem. All in all, it is a small and shifting market.

KeoKarpin Body Oil

Background

KeoKarpin Body Oil was launched in 1990 in the Eastern, Northern and Western Indian markets. After initial success the brand sales stagnated, from '93 onwards. After in-depth discussion within the company, as well as with the advertising agency, it was agreed that the main problems affecting the brand were:

(a) Growth not commensurate with the potential of the product.

(b) The product retention is very high among the loyal users but there are very few new recruits.

(c) The image of Body Oil is dominated by the equity of KeoKarpin Hair Oil which is an all-India brand leading the light hair oil category.

Communication Objective

Therefore for KeoKarpin Body Oil was:

(a) Rejuvenate the category (oil in relation to skincare)

(b) Create a sustainable competitive advantage.

And the issues in brand building were: positioning the brand; and defining brand values.

Positioning the brand

Targetted at the young, socially active and confident woman to whom KeoKarpin Body Oil is a smart and sensible non-sticky, skin nourisher that keeps the skin soft and healthy through its herbal ingredients.

Therefore, Core Brand values are:

(1) Trusted

(2) Natural

(3) Traditional, yet

(4) Contemporary

Consumer insight

(a) Though oils are considered to be nourishing and essential, convenient and modern products for skincare are being adopted.

Creative task

(a)   Bring KeoKarpin Body Oil out of the traditional realm by changing the perception that oils are sticky / messy.

Creative strategy

(a)   Make the consumer believe that with KeoKarpin Body Oil she's getting time-tested and trusted herbal nourishment for her skin.

(b)   The consumer should feel convinced that this was the intelligent way to make herself look young and attractive.

Creative magnifier.

The 'unoily' oil

A single press ad in colour was developed which explained, in a very intimate one-to-one manner, how KeoKarpin Body Oil had successfully bottled all the benefits of oil, minus its negative qualities. This ad was released in major English and vernacular dailies and women's magazines between October to December '96.

Result

The result surpassed all expectations. The company had initially taken a stiff target for 96-97 (30% increases in sales) for a brand whose sales had remained stagnant for the past 3 years. Within two months of the release the brand sale surpassed its target and forced management to set a fresh target for 96-97, i.e., 500,000 bottles. The company expected to meet its target of 900,000 bottles in 1999-2000.

The company believes, that this product has tremendous potential. Although the product is pitched at women, there is nothing stopping men from also using it. Unfortunately there is no data on the total market, and therefore its market share as well, although it is evident that KeoKarpin Body Oil dominates the market. However, this brand's sale is expected to exceed 2 million bottles in 3 to 4 years time double its present sale! Another striking example, where brand extension has proved the power of brand equity!

<div style="border:1px solid black; padding:10px;">

Check Your Progress 3

1. _____took advantage of the situation and repositioned itself as the light, non-sticky hair oil that aided styling.

    a. KeoKarpin

    b. Dabur amla

2. _____Oil was launched in 1990 in the Eastern, Northern and Western Indian markets.

    a. dabur chinkara

    b. KeoKarpin Body

</div>

3.5   Case Study: Mercedes Benz

The unique features of the Mercedes-Benz A-Class present a classic marketing challenge for one of the world's best known brands – how to get serious prospects into showrooms for a test drive. How did an on-line partnership with MSN Cars help solve the problem?

The Marketing Challenge

Thinks Mercedes-Benz – you already have a picture in your mind.

The well established Mercedes-Benz C-Class and E-Class are familiar, recognizable faces in the prestige car market.

But it is unlikely the car you are picturing is the Mercedes-Benz A-Class. With prices starting from £13,025 and seating for five adults, the A-Class is a clear alternative to the familiar family hatchback or compact people carrier.

As Mercedes-Benz builds market share, the A-Class is playing a key role in changing perceptions of the brand. For the first time, many new car buyers are finding they can enjoy the Mercedes-Benz ownership experience with a car that suits their lifestyle and their budget.

But the marketing challenge for Mercedes-Benz is to get potential customers into the car; to allow them to appreciate its unique features and driving experience. That means making them aware of the car, getting it on their shopping list and then getting them down to the dealership for a test drive.

The Marketing Solution

To crack the problem BJK&E Media, which handles the Daimler Chrysler account in the UK, launched a specific campaign with the principal aim to generate test-drives.

Alongside conventional advertising in national and specialist press, online was particularly valuable for this initiative.

Importantly, it offered instant information gathering and delivering on the number of test-drives that resulted from the medium.

They chose to work with MSN Cars (then called MSN Carview).

"We looked at all the major online portals but particularly liked MSN's creative ideas," explains Katy Driver, Senior planner buyer on the campaign. "The service levels they were able to provide, the technical expertise they brought to the project and the support of a viable editorial team were all important considerations."

As with other advertisers on MSN Cars, Mercedes-Benz was also attracted by the audience reached through this part of the MSN site: 97% ABC1, 60% male and below average consumers of commercial television.

"By using MSN Cars as part of an integrated campaign, including specialist and national press, BJK&E was able to target an audience that is notoriously hard to reach through other media," says Katy. "We wanted a means of data capture and therefore create a relationship with our customers."

The Campaign

BJK&E set three elements to the creative brief:

1. **Awareness** – frequent exposure of a simple message – "test drive the Mercedes-Benz A-Class".

2. **Understanding** – the ability to deliver more complex messages – in-depth information on the car for those who need/want it.

3. **Relevance** – targeting the message to the right type of internet users and eliminating wastage.

As a multi-media portal, MSN was able to offer creative solutions which not only satisfied each element of the brief but also offered a degree of interaction with the potential customer that could not be achieved by traditional print or television media.

The MSN Cars campaign was based initially around a one-month bespoke promotion. The key elements were a "Featured Car of the Month" online advertorial and a "Digital Road Test".

The "Featured Car of the Month" is a detailed review of the car by the MSN Cars editorial team that runs to two-screens in length. With its editorial feel and constructive, informative content, the review is both a beneficial read for the interested buyer and a good sales tool for Mercedes-Benz.

The "Digital Road Test", a three-minute video clip that could be downloaded or watched on screen, gives the opportunity for the user to properly "see" the car in action: making use of the interactivity the internet brings whilst using TV-style visuals at the same time.

"An important aspect of the campaign was the respect for the MSN Cars editorial team," explains Katy. "Their editorial focus is on being genuine and user-friendly, so giving their readers an informative, constructive read."

The Digital Road Test clearly satisfied the brief to deliver more complex messages and create a relationship with the customer.

Carview presenter, Victoria Macmillan-Bell, was able to describe the A-Class in detail and shows the car in motion in real-life situations.

Just as important was the in-depth support of the MSN technical team. Full production of the Digital Road Test, from initial filming to final approved edit, was the responsibility of MSN and just one element of a comprehensive customer service package.

Both the Featured Car advertorial and the Digital Road Test were backed up by a Category Ad in the site's small cars listing, where the A-Class could be compared against competitors in its class. Hotlinks allowed visitors to jump instantly to the Mercedes-Benz website for more information or to apply for.

In order to achieve relevance in the test drive requests, a minor level of qualification was created during the request process. Completed requests were forwarded to a fulfillment agency but, just to be certain of the quality, MSN also monitored them to clean the responses and remove any duplication.

"A great deal of thought went into the test drive request form," explains Penny Barnes, MSN Cars account manager who worked on the project. "We wanted to make it long enough to filter out time wasters – but not so complicated that it put off genuine applicants."

With so much targeted activity, it was important to achieve wider awareness and deliver traffic volume to MSN Cars. A promotion on the MSN.co.uk home page (the Network Information Page - NIP), which has more than two million visitors a day, was designed to do just that.

The NIP message changed constantly from a simple invitation to book a road test to a more complex editorial feature.

Once again the MSN Cars editorial team was brought into play with a specially commissioned lifestyle feature entitled 'Tate a Tate'. In search of a little culture, the journalists took a Mercedes-Benz E-Class from the Tate Britain in London to the newly opened Tate Stives, giving site visitors yet more insight into the car and its driving characteristics.

The Campaign's Success

The MSN Cars campaign was so successful it was extended for a further two weeks. Over 700 test-drive bookings resulted – more than three times the initial Mercedes-Benz target for the period.

"At the end of the day, MSN Cars delivered," concludes Katy Driver. "The MSN solution was complex, but competently organised with most of the hard work done for us. They answered the brief and simply got on with the job. We couldn't ask for more."

Check Your Progress 4

1. The unique features of the _____A Class present a classic marketing challenge for one of the world's best known brands.

   a. Mercedes-Benz

   b. Rolls Royce

2. As Mercedes-Benz builds market share, the _____Class is playing a key role in changing perceptions of the brand.

   a. A

   b. E

3.6   Let Us Sum Up

In this unit we have studied the concept of Repositioning in very detail. Many other conept too were explained in a very interesting manner.

We have studied that Repositioning is a strategy wherein you create a slightly different image of your brand not going away too far from the brand's core values. Sometimes there are no unique positions to carve out. In such cases, Ries and Trout suggest Repositioning a competitor by convincing consumers to view the competitor in a different way.After examining the Repositioning of several brands from the Indian market, the following 9 types of Repositioning have been identified. These are: Increasing relevance to the consumer, Increasing occasions for use, Search for a viable position, Making the brand serious, Falling sales, Bringing in new customers, Making the brand contemporary, Differentiate from other brands and Canged market conditions.Reositioning is done with the intention of attracting customersback into the fold. A study of the above types of Repositioning reveal that it is more often done to increase either the users or the number of uses.

Therefore after going through this block now the readers would have got a detailed information about the concept of Repositioning which will help them a lot in understanding the concept of brand.

3.7   Answers for Check Your Progress

Check Your Progress 1

Answers: (1-a), (2-a), (3-a), (4-a), (5-a)

Check Your Progress 2

Answers: (1-a), (2-a), (3-b), (4-b), (5-a)

Check Your Progress 3

Answers: (1-a), (2-b)

Check Your Progress 4

Answers: (1-a), (2-a)

3.8   Glossary

1. **Repositioning -** change the image of (a company, product, etc.) to target a new or wider market.

3.9   Assignment

1. What is brand Repositioning? When is it required? Can all loss making brands be repositioned?

2. Give an example of an Indian brand that has been positioned? Has it been successful? What was the strategy applied to reposition it?

3.10   Activities

1. Identify five brands that have been recently repositioned. State why they have been repositioned.

2. What are the nine reasons to reposition a product?

3.11   Case Study

Work out two case studies of Repositioning in the Indian market with all details, pointing out why the Repositioning exercise had to be undertaken.

3.12   Further Readings

1. Marketing Management (Twelfth Edition) – Philip Kotler.

2. The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3. The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4. Positioning: The Battle for Your Mind - Al Ries and Laura Ries.

5. Marketing Warfare - Al Ries and Laura Ries.

6. Competitive Strategy – Michael E Porter.

7. Product Management – S A Chunawalla.

8. Brand Management – Y L R Murthy.

Block Summary

The writer has tried his best in explaining the concept of brand in this block .There has been a very detailed discussion of the topic in the three units discussed over here.In this block the whole content was divided into three units. Unit 1 discussedabout the Basics of Brand Equity and Brand Value, Unit 2 discussedabout brand positioning whereas unit 3 discussedabout the brand Repositioning. Further the subtopics covered under each of these units are as follows. Under unit 1 the subtopics covered are How to Use Storytelling to Promote Your Brand, How to Generate a Premium Effect, The Various Types of Brand Innovation, How to Leverage the Sale of Your Brand, Key Factors for Success in Brand Extension, Examples of Successful and Unsuccessful Brand Stretching, The Various Types of Brand Architecture: Product-Brand, Branduit, Range Brand, Umbrella Brand and Endorsement Brand.Under unit 2 the subtopics covered are Brand Positioning Defined, Market Segmentation and Positioning, Developing a Positioning Strategy, Brand Positioning Strategies and How it Works, Introduction of an international Brand – Case Study.Whereas under unit 3 the subtopics covered are   Successful Repositioning, Nine Types of Repositioning, Brand Extension – Case Study: KeoKarpin, Case Study : Mercedes Benz.

So at the end of this unit the students will be feeling satisfied enough with the explanation of brand discussed over here in this block. This discussion is going to be very helpful in the later portion of this book and in completed their course.

Block Assignment

Short Answer Questions

1. Positioning

2. Repositioning

3. Brand equity

4. Brand value

5. Successful Repositioning

Long Answer Questions

1. Describe the six-step process to positioning.

2. What is the three-step process used to develop a market segmentation strategy?

3. What are the three important steps can help win customer acceptance?

4. What are the three steps that can help ensure success for companies that should focus on achievable rather than aspirational positioning?

5. Write a note on Brand Architecture.

Enrolment No. [ ]

1. How many hours did you need for studying the units?

Unit No	1	2	3	4
Nos of Hrs				

2. Please give your reactions to the following items based on your reading of the block:

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	_____
Language and Style	☐	☐	☐	☐	_____
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	_____
Conceptual Clarity	☐	☐	☐	☐	_____
Check your progress Quest	☐	☐	☐	☐	_____
Feed back to CYP Question	☐	☐	☐	☐	_____

3. Any Other Comments

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> *Education is something which ought to be brought within the reach of every one.*

- Dr. B. R. Ambedkar

Dr. Babasaheb Ambedkar Open University
'Jyotirmay Parisar', Opp. Shri Balaji Temple, Sarkhej-Gandhinagar Highway, Chharodi,
Ahmedabad-382 481.

BRAND MANAGEMENT

BLOCK 4:
BRAND ASSESSMENT

Dr. Babasaheb Ambedkar Open University
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BRAND MANAGEMENT

Knowledge Management and
Research Organization
Pune

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Ms. Lata Dawange
Ms. Pinaz Driver
Ms. Tejashree Bhosale
Mr. Kiran Shinde
Mr. Prashant Tikone
Mr. Akshay Mirajkar

ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self-instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual-skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self-instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

PREFACE

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect.

All the best for your studies from our team!

BRAND MANAGEMENT

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UNIT 2   **THE STRATEGIC BRAND MANAGEMENT PROCESS**

The Elements of the Brand Management Process: Identifying and Establishing Brand Positioning and Values, Planning and Implementing Brand Marketing Programs, Measuring and Interpreting Brand Performance, Growing and Sustaining Brand Equity. Identifying Brand Associations, Types of Associations

UNIT 3   **BUILDING BRAND PORTFOLIOS**

Branding Philosophies: The Branded House, Sub-Brands, Endorsed Brands, The House of Brands. Brand Growth Strategies: Flanker/Fighting Brands, Line Extensions, Brand Extensions, Successful Brand Extensions

BLOCK 3:   **BRAND EQUITY AND BRAND VALUE**

UNIT 1   **BASICS OF BRAND EQUITY AND BRAND VALUE**

How to Use Storytelling to Promote Your Brand, How to Generate a Premium Effect, The Various Types of Brand Innovation, How to Leverage the Sale of Your Brand, Key Factors for Success in Brand Extension, Examples of Successful and Unsuccessful Brand Stretching, The Various Types of Brand Architecture: Product-Brand, Branduit, Range Brand, Umbrella Brand and Endorsement Brand

UNIT 2   **BRAND POSITIONING**

Introduction, Brand Positioning Defined, Market Segmentation and Positioning, Developing a Positioning Strategy, Brand Positioning Strategies and How it Works, Introduction of an international Brand – Case Study

UNIT 3   **BRAND RE-POSITIONING**

Introduction, Successful Repositioning, Nine Types of Repositioning, Brand Extension – Case Study: Keo Karpin, Case Study : Mercedes Benz

BLOCK 4:   BRAND ASSESSMENT

UNIT 1   BRAND EVALUATION

The Brand Audit, Reviewing the Big Idea, Evaluating Advertising

UNIT 2   BRAND ASSESSMENT THROUGH RESEARCH

Brand Identity, Position, Image, Personality, Assessment and Change. Brand Revitalization; Financial Aspects of Brands; Branding in Different Sectors: Customer, Industrial, Retail and Service Brands

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BRAND MANAGEMENT

BLOCK 4: BRAND ASSESSMENT

BLOCK 4:   BRAND ASSESSMENT

Block Introduction

As already discussed that without the study of brand management any of the management courses cannot be considered as complete. In this block we are going to study one other very important concept of brand.

This last block discusses one more important topic of brand which is brand assessment. This whole content of the block has been divided into two units, unit 1 covers Brand Evolution, whereas unit 2 covers brand assessment through research. The topics covered under unit 1 are The Brand Audit, Reviewing the Big Idea, Evaluating Advertising, whereas the topics covered under unit 2 are Brand Identity, Position, Image, Personality, Assessment and Change. Brand Revitalization; Financial Aspects of Brands; Branding in Different Sectors: Customer, Industrial, Retail and Service Brands.

Hoping our detailed discussion will be of great help to the students in understanding the concept of brand and its assessment

Block Objective

After learning this block, you will be able to understand:

- Reviewing the Big Idea

- Advertising

- Brand Position, Image, Personality

- Assessment and Change

- Financial Aspects of Brands

- Branding in Different Sectors

Block Structure

Unit 1:   Brand Evaluation

Unit 2:   Brand Assessment Through Research

UNIT 1: BRAND EVALUATION

Unit Structure

1.0   Learning Objectives

After learning this unit, you will be able to understand:

- The Brand Audit.

- Reviewing the Big Idea.

- Evaluating Advertising.

1.1   Introduction

Brand evaluation is a method used to determine the tangible and intangible assets of a corporate or product brand. The goal is to quantify the overall impact of a brand and – partly – to convert it to monetary terms. There are more than 40 different approaches and models for brand evaluation.

Three approaches apply: purely monetary, finance-oriented philosophies consider brand value from the point of view of the brand owner and evaluate the brand on the basis of profits or sales clearly attributable to the brand and that

would not have been achieved without the brand. Behavioural science or consumer-oriented approaches believe that brand value is essentially dependent upon perception of the brand, brand images in the minds of the consumer, and the associations conjured up as a result. Integrative models combine consumer and market approaches: economic data and positive and negative associations are considered equally important in terms of defining and determining brand value.

The diversity of methods produces very different results that are not inter-comparable. Brand value depends on the underlying attitude, the reason for evaluation (e.g. Mergers & Acquisitions, control, protection) and the model-specific definition and operationalization of indicators and factors

1.2   The Brand Audit

To learn how consumers think, feel, and act toward brands and products so the company can make informed strategic positioning decisions, marketers should first conduct a brand audit. A brand audit is a comprehensive examination of a brand to discover its sources of brand equity. In accounting, an audit is a systematic inspection by an outside firm of accounting records including analyses, tests, and confirmations. The outcome is an assessment of the firm's financial health in the form of a report.

A similar concept has been suggested for marketing. A marketing audit is a "comprehensive, systematic, independent, and periodic examination of a company's or business unit's marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance." The process is a three-step procedure in which the first step is agreement on objectives, scope, and approach; the second is data collection; and the third and final step is report preparation and presentation. This is an internally, company-focused exercise to make sure marketing operations are efficient and effective.

A brand audit, on the other hand, is a more externally, consumer-focused exercise to assess the health of the brand, uncover its sources of brand equity, and suggests ways to improve and leverage its equity. A brand audit requires understanding the sources of brand equity from the perspective of both the firm and the consumer. From the perspective of the firm, what products and services are currently being offered to consumers, and how they are being marketed and branded? From the perspective of the consumer, what deeply held perceptions and

beliefs create the true meaning of brands and products? The brand audit can set strategic direction for the brand, and management should conduct one whenever important shifts in strategic direction are likely. Are the current sources of brand equity satisfactory? Do certain brand associations need to be added, subtracted, or just strengthened? What brand opportunities exist and what potential challenges exist for brand equity? With answers to these questions, management can put a marketing program into place to maximize sales and long-term brand equity.

Conducting brand audits on a regular basis, such as during the annual planning cycle, allows marketers to keep their fingers on the pulse of their brands. Brand audits are thus particularly useful background for managers as they set up their marketing plans and can have profound implications on brands' strategic direction and resulting performance.

Domino's Pizza

In late 2009, Domino's was a struggling business in a declining market. Pizza sales were slumping as consumers defected to healthier and fresher dining options at one end or to less expensive burger or sandwich options at the other end. Caught in the middle, Domino's also found its heritage in "speed" and "best in delivery" becoming less important; even worse, it was undermining consumer's perceptions of the brand's taste, the number-one driver of choice in the pizza category. To address the problem, Domino's decided to conduct a detailed brand audit with extensive qualitative and quantitative research.

Surveys, focus groups, intercept interviews, social media conversations, and ethnographic research generated a number of key insights. The taste problem was severe—some consumers bluntly said that Domino's tasted more like the box than the pizza. Research also revealed that consumers felt betrayed by a company they felt they no longer knew. A focus on impersonal, efficient service meant that in consumers' minds, there were no Domino's kitchens, no chefs, not even ingredients. Consumers were sceptical of "new and improved" claims and felt companies never admitted they were wrong. Based on these and other insights, Domino's began its brand comeback. Step one—new recipes for crust, sauce, and cheese that resulted in substantially better taste-test scores. Next, Domino's decided not to run from criticism and launched the "Oh Yes We Did" campaign. Using traditional TV and print media and extensive online components, the company made clear that it had listened and responded by creating a better pizza.

Documentary-type filming showed Domino's CEO and other executives observing the original consumer research and describing how they took it to heart. Surprise visits were made to harsh critics from the focus groups, which tried the new pizza on camera and enthusiastically praised it. Domino's authentic, genuine approach paid off. Consumer perceptions dramatically improved and growth in sales in 2010 far exceeded the competitors.

Check your progress 1

1. A _____ is a comprehensive examination of a brand to discover its sources of brand equity.

   a. brand audit

   b. brand pulse

2. An _____ is a systematic inspection by an outside firm of accounting records including analyses, tests, and confirmations.

   a. inspection

   b. audit

3. A brand audit requires understanding the sources of _____ from the perspective of both the firm and the consumer.

   a. brand equity

   b. inspection

4. Conducting _____ on a regular basis, allows marketers to keep their fingers on the pulse of their brands.

   a. brand audits

   b. inspection

1.3   Reviewing the Big Idea

A successful brand will remain so as long as you and your staff maintain its values in the eyes of your customers.

When reviewing your brand, remember that your customers and employees will have often built up an emotional attachment to it, and even feel a sense of ownership of it.

It is therefore critical that any changes you make are sensitive to their existing relationship with your brand. Use your findings from consultations with your customers, suppliers and employees to assess the wider perception of your brand.

If there are any problems with your customers' experiences, don't be tempted to just change your logo (often mistakenly referred to as a "rebrand") to solve them. This is an expensive process and would not solve the problems, if they are centred on failings in your systems or staff training, for example.

Remember that your brand represents the whole customer experience, not just your signage or stationery, and cannot be changed overnight. You should regularly review your customers' experiences of your business. This will provide an early indication of any elements of your brand that are underperforming. Prompt action to correct this underperforming element can save a lot of money and negate the need to rebrand your whole business.

Check your progress 2

1. Your brand represents the whole customer experience, not just your _____ or stationery.

   a. signage

   b. logo

2. You should regularly review your customers' _____ of your business.

   a. Perception

   b. Experiences

1.4   Evaluating Advertising

For many businesses, advertising helps bring in new customers and build brand strength. Advertising space can be expensive; before sending an advertisement out for distribution, evaluate it carefully to ensure that you are using your ad budget wisely. Even if you are not an advertising professional, you can judge the suitability of an ad concept based on the goals of your business and the purpose of the campaign.

Step 1

Determine whether or not the advertisement fulfils its business purpose. Review the content and measure it against the goals of the advertising campaign: promoting a new product line, reinvigorating the brand or managing a public relations problem, for example. Clarity is key. If the ad's message is confusing or vague, it will not be as effective. Make sure the ad is pared down to the simplest idea possible to ensure that it is memorable and easy to comprehend.

Step 2

Identify the target audience and measure the advertisement content against the needs of the viewers. Ensure that the language, jargon, tone and length will fit the temperaments and habits of the listeners. If you are marketing to children, for example, complicated words and long speeches may not be as effective as short copy and bold imagery. If the audience is highly technical or very specific, bring in representative customers to get their reaction.

Step 3

Watch or read the advertisement and compare it with the other messages your audience members are getting from competitors and other businesses. Look closely at competitors who are advertising similar products; if your advertisement does not hold its own, it may need more drama or changes to the design and message. The advertisement should present your unique selling point in a way that differentiates it from everyone else.

Step 4

Evaluate the design of the advertisement. Check to make sure that the visual elements of the ad match the overall message and tone; too many different directions can confuse customers and make it difficult to remember the message. If you are using bold copy and a strong message, for example, use striking visual graphics. Test the advertisement on a focus group and gauge their reactions. Strong reactions, both positive and negative, can translate to a powerful impact.

Step 5

Track the progress of the advertisement once it has been distributed. Note sales before, during, and for one or two months after the launch of a new ad campaign and watch for increases. Measure web traffic, particularly if you are using online advertisements; use an analytics program to see where visitors are coming from to see if your ads are having an impact. Ask new customers where they heard about your business, either through an online service, a paper form or

in person. If your advertisement is targeted to a specific product, keep track of any changes in sales. Higher sales, increased customer inquiries or larger web traffic numbers can indicate a positive response to an advertisement.

Check your progress 3

1. _____ helps bring in new customers and build brand strength.

   a. advertising

   b. Marketing

2. You can judge the suitability of an ad concept based on the _____ of your business and the purpose of the campaign.

   a. Aims

   b. goals

3. _____is key.

   a. Negotiation

   b. Clarity

4. Ensure that the language, jargon, tone and length will fit the temperaments and habits of the_____.

   a. listeners

   b. buyers

5. Evaluate the_____ of the advertisement.

   a. design

   b. logo

1.5   Let Us Sum Up

Brand evoluation is a method used to determine the tangible and intangible assets of a corporate or product brand. The goal is to quantify the overall impact of brand and partly to convert it to monetary terms. A   brand   audit   is   a comprehensive examination of brand to discover its sources of brand equity. When reviewing your brand, remember that your customers and employees will have often built up an emotional attachment to it, and even feel a sense of ownership of it. For many businesses, advertising helps bring in new customers

and build brand strength. Advertising space can be expensive; before sending an advertisement out for distribution, evaluate it carefully to ensure that you are using your ad budget wisely. Even if you are not an advertising professional, you can judge the suitability of an ad concept based on the goals of your business and the purpose of the campaign.

This block is going to be of great help for the students who wish to learn about concept of brand evolution. This block will certainly help them in learning the concepts easily.

1.6 Answers for Check Your Progress

> **Check your progress 1**

Answers: (1-a), (2-b), (3-a), (4-a)

> **Check your progress 2**

Answers: (1-a), (2-b)

> **Check your progress 3**

Answers: (1-a), (2-b), (3-b), (4-a), (5-a)

1.7 Glossary

1. **Assessment -** evolution, judgment or gauging.

1.8 Assignment

Explain the need of Brand Audit.

1.9 Activities

What does reviewing your brand means? Discuss.

1.10   Case Study

Why is it necessary to evaluate our advertisements?

1.11   Further Readings

1.   Marketing Management (Twelfth Edition) – Philip Kotler.

2.   The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.   The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.   Positioning: The Battle for Your Mind **-** Al Ries and Laura Ries.

5.   Marketing Warfare **-** Al Ries and Laura Ries.

6.   Competitive Strategy – Michael E Porter.

UNIT 2: BRAND ASSESSMENT THROUGH RESEARCH

Unit Structure

2.0 Learning Objectives

After learning this unit, you will be able to understand:

- Brand Identity.

- Brand Revitalization.

- Financial Aspects of Brands.

- Branding in Different Sectors.

2.1 Introduction

We operate in a changing marketplace. Competitors change; consumer perceptions change; our customers' values change; and our products and services change. That's why successful organizations periodically reassess and refresh their brands.

A brand assessment provides an opportunity to evaluate the strength of your brand, to underscore the value of your brand with customers, and to reposition the brand, if necessary, to reflect changes in the marketplace. What's more, it helps you and your staff recommit to the vision and goals of the business. Finally, it ensures accurate application of your brand across the organization.

2.2 Brand Identity

Brand identity refers to the identity of the brand. There are many different perceptions of what the brand identity consists of. But the more common definition of brand identity is that it is; 'a set of associations the brand strategist seek to create or maintain'. The brand identity is hence something that the marketer 'has' as well as something he tries to create through the right brand strategy. The brand identity must express the particular vision and uniqueness of the brand – what the brand stands for basically, and the brand identity must be of a long-lasting or permanent nature. If the brand identity is both unique, distinct, and a clear expression of what the brand is all about as well as long-lasting, then it can create the basis of a solid, coherent and long-lasting brand and be the driver of all brand-related activities.

2.2.1 Positioning

The idea of brand positioning is based on the assumption that consumers have limited mind space for commercial messages and that the most successful brands hence are the ones able to position themselves in the minds of consumers by adapting the most congruent and consistent commercial message. The idea is linked to the information-processing theory of consumer choice.

2.2.2 Image

The image of the brand is the perception of the brand by consumers. The goal of working strategically with brand image is to ensure that consumers hold strong and favourable associations of the brand in their minds. The brand image typically consists of multiple concepts: perception, because the brand is perceived; cognition, because that brand is cognitively evaluated; and finally attitude, because consumers continuously after perceiving and evaluating what they perceive form attitudes about the brand.

2.2.3 Personality

Consumers display a tendency to endow brands with human-like personalities. Working strategically with brand personalities has been a widespread practice for many years. The Big Five of human personality psychology and Jungian archetypes are frameworks often implied to deepen the symbolic exchange between brands and consumers. Brand personality is part of most identity systems in the traditional brand management books.

Another mountain top in brand management was established in 1997 when a research study into brand personality was published. This study shows that consumers have a tendency to endow brands with human-like personalities. It is the 'human' brand perspective and the symbol-consuming consumer that are in the spotlight in this approach. Consumers endow brands with personalities and use these personalities in a dialogue-based exchange of symbolic value for their individual identity construction and expression. The personality approach is rooted in human personality psychology and uses of quantitative scaling techniques in a combination with more explorative methods to identify and measure brand personality. The personality approach is a prerequisite for and very much associated with the relational approach.

2.2.4 Assessment and Change

A brand assessment provides an opportunity to evaluate the strength of your brand, to underscore the value of your brand with customers, and to reposition the brand, if necessary, to reflect changes in the marketplace. What's more, it helps you and your staff recommit to the vision and goals of the business. Finally, it ensures accurate application of your brand across the organization.

Brand Change or Rebranding is the creation of a new look and feel for an established product in order to differentiate the product from its competitors. Rebranding efforts may include a name change, new logo or packaging and updated marketing materials that include the latest industry buzzwords. The goal of rebranding is to influence a customer's perception about a product or service by revitalizing the brand and making it seem more modern and relevant to the customer's needs.

Check your progress 1

1. _____refers to the identity of the brand.

   a. Brand identity

   b. Brand image

2. Definition of _____ is that it is; 'a set of associations the brand strategist seek to create or maintain'.

   a. brand identity

   b. Brand image

3. The brand identity must express the particular _____ and uniqueness of the brand.

   a. Idea

   b. vision

4. The idea of _____is linked to the information-processing theory of consumer choice.

   a. positioning

   b. perception

5. The _____of the brand is the perception of the brand by consumers.

   a. positioning

   b. image

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2.3 Brand Revitalization

A brand sometimes ages and declines in strength because as time goes by it loses its relevance and attractiveness for consumers. There can be different reasons for that ageing or decline in brand relevance, e.g. the brand may not have adapted to changes in the environment or to changes in consumer preferences. Sometimes the situation occurs where the brand simply ages along with the ageing of its core consumers. The solution for an ageing brand or a brand in decline can be revitalization. The key for brand management when revitalizing a brand is always to start the process by identifying or reviving an existing brand vision and finding new and innovative ways of making that brand vision relevant once again for existing or new consumers.
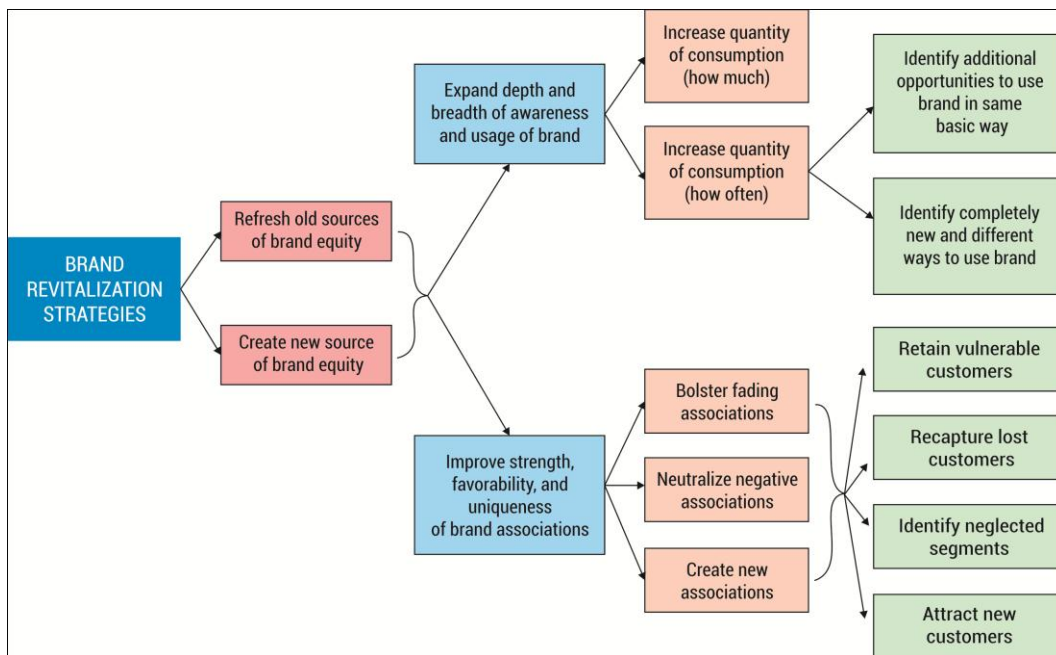

Fig 2.1 Brand Revitalisation Strategies

Brand rejuvenation involves adding value to an existing brand by improving product attributes and enhancing its overall appeal. It is intended to re-focus the attention of consumers on an existing brand. Brand rejuvenation helps overcome the consumer's boredom in seeing the same product on the shelves year after year. A consumer's psychological desire for changing is one key factor behind brand rejuvenation.

Quite often, we see on going brands appearing as; 'new', 'super', 'special' 'premium,' deluxe, 'extra strong' and 'fresh'. They appear in new shapes, new pack sizes, new containers, new colours and flavours. Basically what happens here is an updating of brands. Corn Products reintroduced Rex Jam with pieces of

fruit in it and packed them in new containers. Cadbury's 5 star chocolate bars received a fill up through a new creamier and smoother version.

Given below point's presents some example of brands reappearing with the tag "New":

- **New Burnol:** Burnol became 'New' and appeared in a new pack.

- **New Horlicks:** HMM its New Horlicks the New Horlicks claimed more nourishment through additional protein and calcium, eight essential vitamins and iron.

- **New Nescafe:** Nestle rejuvenated Nescafe and brought in the New Nescafe. New Nescafe was made using the new agglomeration coffee process, instead of the fine powder form and the coffee now came in small round goblets.

- **New Bournvita:** To give a push Bournvita, Cadbury's came out with New Bournvita, with extra glucose in a new packing.

- **New Vicks Vapour:** P&G's 100 year old Vicks Vaporub has almost become a generic name for cold cure. Still P&G does not keep quiet. New packages appear, new promotion campaigns are launched and improvements in product formulation area also made. In late 1990s, the brand received one such facelift and appeared as New Vicks Vaporub.

Objectives of Brand Rejuvenation

The main objectives of rejuvenation are:

1. Rejuvenation aims at revival of brand. The intention is to breathe some new life into a brand that may be showing signs of decline.

2. Even healthy, successful brands may need occasional rejuvenation. Because of competition, some re-formulation and refinement become necessary from time to time. The brand has to be updated. It ensures the steady success of the going brand.

3. It helps keep the brand live and in focus

Check your progress 2

1. A _____sometimes ages and declines in strength because as time goes by it loses its relevance and attractiveness for consumers.

   a. brand

   b. product

2. Brand _____involves adding value to an existing brand by improving product attributes and enhancing its overall appeal.

   a. rejuvenation

   b. association

3. Rejuvenation aims at _____of brand.

   a. revival

   b. reconditioning

2.4　Financial Aspects of Brands

As you're building and managing your brand, it's also a good idea to set a budget. This will help you to avoid spending unnecessarily and to prioritise your branding spend.

Your brand should encompass most areas of your business, from stationery to how you deliver your product or service to customers, so defining a budget can be difficult.

The key areas you could budget for are:

Design needs, such as a logo, signage, business stationery or product packaging changes to your premises your advertising time you'll need to spend training employees any resources you'll have to provide for employees to enable them to carry out what the brand promises, e.g. customer service costs keeping your company website updated.

You don't need to do everything at once. As long as employees understand and deliver what your brand promises, it stands a good chance of success.

You can create stationery, logos, packaging and advertising quite cheaply if the budget is tight. However, it is a good idea to think about your future growth when devising your image, as changing it later can prove costly. You may also

find that customers and employees will have already built up a relationship with your brand, which can then make it more problematic to later change.

In today's business environment, Brand managers need to be knowledgeable about the financial dimensions of their jobs as well as the marketing portion. Brand managers assume the role of mini-CEOs in that they have complete profit and loss responsibility for their Brands. In such cases, the brand manager must be familiar with all aspects of business, including operations management, human resources. However, besides the analysis marketing managers perform to better understand customers, competitors, and the rest of the external market environment, several other analysis related to the financial aspects of the brand's performance are also necessary. As a result, to be part of a firm's overall decision making, brand managers must understand the financial implications of their decisions. Financial decision making is closely related to brand strategy. The ultimate objective of brand managers is profitability, whether or not the short-term objective in the marketing plan is oriented toward share or profits. Two key kinds of information are important to marketing decision making and strategy development. First, if the brand manager is to have profit and loss responsibility or set short- and long-term profit objectives, he or she must have a good understanding of how profits are computed. As any financially oriented manager knows, computing profits is not a straightforward issue. There is no such concept as the bottom line; in fact there are at least three ways to calculate the "profitability" of a brand. The second kind of information that is critical to a brand manager's understanding of financial performance is relevant if there is a brand line or many brand variants (e.g., different sizes, colours) because it analysis the performance of different brand variant. The financial analysis described can be used in a variety of ways. One way to use either profitability or sales analysis is for planning purposes. Profitability needs to be reported in a marketing plan. In addition, analysis of the relative sales performances of different brand variants can lead to a new marketing strategy or the pruning of a brand line. These analysis can also be used ex post, or after the planning period, and at specific intervals within the planning period. Such a use of financial analysis would be for control purposes. Obviously, it is important to measure how the company has done or how it is doing the latter being particularly important for making adjustments during the execution of the plan. A detailed look at several kinds of financial analyses that is important for brand management is ascertained. Besides the sales and profitability analyses just mentioned, we describe a strategic approach to control that explicitly links "financial to marketing analysis. We also discuss capital budgeting from a marketing perspective.

Sales Analysis Overview Consider the advertisement shown below. Although it undoubtedly overstates the case just a bit, the point made by the graph and the text is clear. In many cases, it is impossible to determine how successful a brand or service really is without digging deeper into its sales records. The overall picture can be quite rosy while some real problems can exist in certain channels, regions of the world sizes, and so on. This realization leads to the iceberg principle. Many of the real problems facing a brand manager lie beneath the water.

Check your progress 3

1. _____ needs to be reported in a marketing plan.

   a. Profitability

   b. return

2. As any financially oriented manager knows, computing _____is not a straightforward issue.

   a. turnover

   b. profits

3. _____need to be knowledgeable about the financial dimensions of their jobs as well as the marketing portion.

   a. Brand managers

   b. Consumers

2.5   Branding in Different Sectors

2.5.1   Customer

When it comes to brand building, customer service is often the last and most-ignored piece of the puzzle. This is a big mistake–and big missed opportunity. Aligning customer service and your brand is an essential but under-used way to attract and retain customers, differentiate the business, and boost brand loyalty. Done right, it can create a truly sustainable competitive advantage. Here are six ways we've seen to use customer service to reinforce brand identity. These methods can be used to align customer service with established brands or to build a brand through customer service.

1. Establish and execute to brand-aligned customer service intent

Successful companies formulate a strategic intent and execute to that intent for market success; savvy organizations map that strategic intent to brand intent. While businesses often capture brand intent in their advertising, they ignore it in delivering customer service, whether it is through their websites, contact centres, stores or branches. This could result in damage to the brand. It is therefore important for C-level executives to launch a brand-aligned customer service initiative to make sure it is implemented across customer-facing and back-office operations.

2. Design brand-aligned processes

Customer service processes often involve multiple steps, tasks, people, and organizations. For instance, contact centre customer service includes call routing, interactions, resolution, and fulfilment, and could also include proactive outbound communications, based on pre-determined business rules. High-touch brands should design processes that emphasize human-assisted customer service over self-service, whether it is in a brick-and-mortar environment or in a contact centre setting (e.g., phone and web chat). It is also important to ensure that promised service levels are met through robust customer service process management tools. Non-intrusive brands should refrain from aggressive in-person or live chat customer service.

3. Provide brand-aligned human-assisted service

Human-assisted service is here to stay- complex customer service requests and certain transactions require human involvement. Moreover, some customer segments prefer the human touch. As such, it is important for companies to hire and retain brand-aligned people for customer service. HR organizations could match the personality of the brand to the desired personality of frontline reps to ensure brand-aligned agent recruitment and retention.

The knowledge and conversational styles of "role model" (i.e., the most brand-aligned) call centre agents can be captured in customer service management systems in the form of knowledge base content and interactive guidance to agents at the point of customer interaction, and even in customer self-service systems. Forward-looking retail and financial services companies are extending such systems to brick-and-mortar stores and branches to improve the effectiveness and brand alignment of in-person customer service.

4. Provide brand-aligned self-service

Self-service provides a great opportunity to further build the brand. For example, sophisticated guided-help knowledge base systems and online chat bots modeled after the company's multimedia advertising spokespersons can orchestrate brand-aligned self-service interactions with customers. A hypothetical example would be chat bots modeled after the gecko or the "cavemen" for GEICO and William Shatner for priceline.com. In fact, a leading financial services company in Japan has used a chat bot, modeled after an actor featured in its television commercials.

5. Use brand-aligned metrics

A critical misstep in customer service management is the misalignment of brand strategy and service metrics. For instance, force-fitting Wal-Mart metrics to Nordstrom brand intent is not a good strategy. High-touch brands should not emphasize throughput metrics such as average call handle times.

6. Brand-align all touch points

Most businesses still have interaction, data, and knowledge silos in phone call centres, online service centres, and self-service systems, where the left hand does not know what the right hand is doing. Of late, many companies have started unifying customer interactions and knowledge bases into common platforms as the first step to unify customer experience across channels and service agents. However, most companies have yet to brand-align customer service across communication channels. A unified platform approach to cross-channel customer service and brand alignment can help them get there quickly, and their customers won't have to face Dr. Jekyll and Mr. Hyde as they go from one communication channel to another or from one agent to another.

2.5.2   Industrial

B2B branding has its specific features. First of all, these features are related to the fact that the commercial brand is working with the professional audience. Requirements for the professional audience are tougher, so the emphasis in creating brand shifts from the emotional angle to rational one. Requirements for the B2B brand are the same as the requirements for professionals - being reliable, predictable and guaranteeing quality.

If the emotions are decisive in the brand's future on consumer market, industrial brand is a brand that solves the problem. It is the brand that is trusted in business as a serious partner. Another important detail that should be taken into account in the industrial branding is the factor of marketing communications. Marketing communications which help to develop a B2B brand work in more sophisticated way. The brand has to build relationships at different levels of decision-making, each time from scratch.

There are 3 main phases in industrial branding:

1.   Naming

2.   Corporate identity

3.   Developing the concept of brand

1.   Naming

Naming is the choice of brand name. Choosing a name in the industrial branding is the choice of the brand's future. The name in the B2B sector is clear associations with a specific area of activity. There's nothing more dangerous in the industrial branding than an abstract and empty name. Of course, there are some cases when a fundamentally new product, a unique product, is created in the B2B sector and the task of the name is to inform the market: "Please do not compare me with anything! I am really like a unique product! That's just what my name tells about! ". However, to be frank, there are not so much cases today. As a rule, the new product can be classified and put into a number of similar goods. The task of the name is to win the competition. The task is to draw attention, make the first impression, say about the brand as much as possible and do it very quickly.

How to create the name which can do it? We believe that creating something new it's always good to consider the existing experience. Well, you can always look at the experience of others and learn useful lessons. Who of the predecessors was successful and why? B2B should not have unnecessary words because the task of business is to earn more money! It means that the most successful brand names are "speaking" names. About what should they speak? They should speak about what is important. The brand name which says nothing about the product and the company's business will not help to find new contacts and proper positioning and even affect it. It's not just that the brand cannot be correctly perceived by the market and rejected only on this ground, but that the

abstract name of the brand will make the owner to invest more money in brand building.

The brand name is like its testimonial letter. The brand will be perceived by its name immediately making the first conclusions. Actually, one of the features of industrial branding is that it has very strong stereotypes. To some extent, this is the very feature which is associated with the fact that industrial brands are harder to diversify or reposition. However, the explanation is simple - more sophisticated marketing communications are to blame. Their complexity is explained by the fact that industrial brand has to build contacts at various levels of decision-making because the decision making process in business, as a rule, includes several stages.

Industrial brands are the big fish of modern industry. They are trusted, they are matched and they are the marks of economic prosperity as a whole. The appearance of a new name is the event and the disappearance of the old one is the tragedy. The decisions on the B2B brands are sometimes taken by the governments as so great is their role in the modern society.

2.   Corporate Identity

Corporate identity in industrial branding should reflect several qualities of the brand:

Industry specialization

Geography of business

The potential customer will have only several seconds for the corporate identity contact to make a decision whether to continue the dialogue. If a business card will go in the trash it will be difficult to return to constructive dialogue. That is why the corporate identity should be not only recognizable, unique and attractive, but also substantive. Corporate identity should represent the business telling the maximum useful information about it in a short period of time provided.

Creating a corporate identity of a company operating in the B2B sector includes several stages:

Creating a design solution

Creating a slogan

Description of design solutions and a slogan, description or creation of business legend from scratch.

Creating a brand-book or guidelines for corporate identity use

None of these items cannot be missed because the corporate identity will be the image of your brand for many years. You should understand it, you should be comfortable with it, but, and which is more important your customers should feel comfortable with your corporate identity. You create a corporate identity not for yourself, but for the business, and, strangely enough, your business has different needs. Corporate identity must be recognizable and understandable. This is of crucial importance when we talk about B2B business which is the professional sector.

3.   The Concept of Brand

The B2B is going through the same stages as the brand of the consumer market. However, there are certain features. First of all they are associated with the target groups the brand is oriented to, as well as with marketing communications in the B2B sector.

If you plan to develop the brand in the b2b sector it will be interesting for you to learn about some aspects of the development of the b2b brand.

The concept of the brand in the b2b sector or industrial branding helps to see the future of the brand, its prospects and its regional growth potential. The concept of the brand development will allow you to avoid mistakes at the stage of brand creation and putting it on the market. The most common mistakes are those associated with naming, when the brand name has to be quickly changed in one of the strategic markets, because it cannot be used the way it is for lexical or psychological reasons; corporate identity, when the corporate identity is associated with quite contrary to what the brand owners expected to get when developing it.

Brand is an asset of business, since its inception and through its whole life in the market you should work to increase its price and value. It is these challenges, the challenges of long-term strategic planning the brand concept handles for the brand.

The concept of industrial brand development should handle the following tasks:

Defining the goals and tasks of the brand, shaping the corporate mission of the brand. It is important to remember that the b2b market is real people who make decisions on the ground of business feasibility never forgetting about the moral aspects. If there are two competing brands on the market one of which has a

more human-friendly image it is the image the customers will prefer. Ultimately, people like to make decisions that from their point of view make the world a little better. The corporate identity mission of the brand solves this particular problem explaining what exactly this brand is different from its competitors and why it is so important for the brand to be successful.

Specifying the target group as industrial brand usually works in one or more clearly defined sectors. It is important to know these sectors very well, to investigate the decision-making process in the companies represented in the sector in order to make sure that marketing communications really contribute to the dialogue with all the links of the decision-making chain.

Specifying a plan of geographic priorities of the brand. At the stage of brand development is necessary to anticipate that the brand can go beyond the certain geographical scope and become successful in various countries. The brand should be technically ready for the eventual success.

Developing the concept of brand extension, its development in the market, entering adjacent markets.

Specifying the communication brand concept. First of all, you should specify the communication tools which will help to bring the brand on the market. This is very important to make the brand technically ready to work with certain media. All technical questions concerning the use of the brand should be reflected in the brand-book, but we must be realistic. Today's world is so diversified offering such a large number of communications solutions that it is almost impossible to predict everything. If you need a quality brand-book you should focus on the decisions that you plan to use without spending time and effort on something that won't be popular in the foreseeable future.

Creating the concept of industrial brand development is the creation of a better future because every successful brand it is the way to make the world better and solve one more problem.

2.5.3   Retail and Service Brands

India is the country having the most unorganized retail market. Traditionally it is a family is livelihood, with their shop in the front and house at the back, while they run the retail business. More than 99% retailers function in less than 500 square feet of shopping space. Global retail consultants KSA Techno-pak have estimated that organized retailing in India is expected to touch Rs 35,000 crore in the year 2005-06. The Indian retail sector is estimated at around Rs 900,000 crore,

of which the organized sector accounts for a mere 2 per cent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized retailer.

Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewellery, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer. Indian retailers need the advantage of this growth and aiming to grow, diversify and introduce new formats has to pay more attention to the brand building process. The emphasis here is on retail as a brand rather than retailers selling brands. The focus should be on branding the retail business itself. In their preparation to face fierce competitive pressure, Indian retailers must come to recognize the value of building their own stores as brands to reinforce their marketing positioning, to communicate quality as well as value for money. Sustainable competitive advantage will be dependent on translating core values combining products, image and reputation into a coherent retail brand strategy.

There is no doubt that the Indian retail scene is booming. A number of large corporate houses have already made their foray into this arena, with beauty and health stores, supermarkets, self-service music stores, new age book stores, every-day-low-price stores, computers and peripherals stores, office equipment stores and home/building construction stores. Today the organized players have attacked every retail category. The Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies, or having a well thought out branding strategy.

Check your progress 4

1. _____provides a great opportunity to further build the brand.

   a. service

   b. Self-service

2. If the emotions are decisive in the brand's future on consumer market_____ brand is a brand that solves the problem.

   a. industrial

   b. consumer

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3. The concept of the brand in the _____ sector or industrial branding helps to see the future of the brand, its prospects and its regional growth potential

   a. B2C

   b. B2B

4. Brand is an _____ of business, since its inception and through its whole life in the market you should work to increase its price and value.

   a. asset

   b. liability

2.6   Let Us Sum Up

A brand assessment provides an opportunity to evaluate the strength of your brand, to underscore the value of your brand with customers, and to reposition the brand, if necessary, to reflect changes in the marketplace.

Brand identity refers to the identity of the brand. There are many different perceptions of what the brand identity consists of. But the more common definition of brand identity is that it is; 'a set of associations the brand strategist seek to create or maintain'. The brand identity is hence something that the marketer 'has' as well as something he tries to create through the right brand strategy.   The key for brand management when revitalizing brand is always to start the process by identifying or reviving an existing brand vision and finding new and innovative ways of making that brand vision relevant once gain for existing or new consumers.   In today's business environment, Brand managers need to be knowledgeable about the financial dimensions of their jobs as well as the marketing portion. Brand managers assume the role of mini-CEOs in that they have complete profit and loss responsibility for their Brands. In such cases, the brand manager must be familiar with all aspects of business, including operations management, human resources.

2.7   Answers for Check Your Progress

Check your progress 1

Answers: (1-a), (2-a), (3-b), (4-a), (5-b)

Check your progress 2

Answers: (1-a), (2-a), (3-a)

Check your progress 3

Answers: (1-a), (2-b), (3-a)

Check your progress 4

Answers: (1-b), (2-a), (3-b), (4-a)

2.8   Glossary

1.   **Vision -** the ability to think about or plan the future with imagination or wisdom

2.9   Assignment

Write a brief note on Brand Revitalization.

2.10   Activities

Briefly discuss different sectors in branding.

2.11   Case Study

Discuss the consideration of financial aspects in brands.

2.12   Further Readings

1.   Marketing Management (Twelfth Edition) – Philip Kotler.

2.   The Brand Mindset – Duanne E Knapp. Tata McGraw Hill edition.

3.   The 22 Immutable Laws of Branding – Al Ries and Laura Ries.

4.   Positioning: The Battle for Your Mind **-** Al Ries and Laura Ries.

5.   Marketing Warfare **-** Al Ries and Laura Ries.

Block Summary

After going through this unit now the students must have got sufficient exposure to brand evaluation as well as brand assessment .These two topics are even very important in the study of brand.

The whole content of this block has been divided into two units; Unit 1 covers Brand Evolution, whereas Unit 2 covers brand assessment through research. The topics covered under Unit 1 are The Brand Audit, Reviewing the Big Idea, Evaluating Advertising, whereas the topics covered under unit 2 are Brand Identity, Position, Image, Personality, Assessment and Change. Brand Revitalization; Financial Aspects of Brands; Branding in Different Sectors: Customer, Industrial, Retail and Service Brands.

This block is going to a great way for the students in exploring the particular topics in the easiest and simplest way.

Block Assignment

Short Answer Questions

1.   The brand audit

2.   Brand Identity

3.   Brand revitalisation

Long Answer Questions

1.   Discuss the need of brand audit.

2.   Explain Branding in different sectors.

Enrolment No.

1. How many hours did you need for studying the units?

Unit No	1	2	3	4
Nos of Hrs				

2. Please give your reactions to the following items based on your reading of the block:

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	☐	☐	☐	☐	_____
Language and Style	☐	☐	☐	☐	_____
Illustration used (Diagram, tables etc)	☐	☐	☐	☐	_____
Conceptual Clarity	☐	☐	☐	☐	_____
Check your progress Quest	☐	☐	☐	☐	_____
Feed back to CYP Question	☐	☐	☐	☐	_____

3. Any Other Comments

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" Education is something which ought to be brought within the reach of every one.

- Dr. B. R. Ambedkar