DIRECTORATE OF DISTANCE EDUCATION

UNIVERSITY OF JAMMU

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MARKETING MANAGEMENT

B.A. SEMESTER II

SUBJECT : Marketing Management	**UNIT : I-V**
Sub. Code : MK-201	**LESSON NO. : 1 TO 15**

Mr. Stanzin Shakya
B.A. Sem I & II Co-ordinator

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B.A. SEMESTER II

SUB. : MARKETING MANAGEMENT

LESSON WRITERS

1. ***Ms Parul Mahajan (1-8)***
2. ***Ms Parul Gupta (9-15)***

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MARKETING MANAGEMENT
B.A. SEMESTER IInd

Code Course : MK-201 | **Totals Marks : 100**
Examination : 3 Hours | **Internal Marks : 20**
External Examination : 20

The syllabus is for examinations of BA Marketing Semester II to be held in May 2020, May 2021, May 2022

Objectives : To increase the understanding of students about the important issues in planning and evaluating brands and branding strategies with the help of provided theories, models and other tools to make better branding decisions.

UNIT–I INTRODUCTION, CONCEPT, NATURE AND IMPORTANCE OF BRAND

- Introduction, Concept, Nature and Importance of Brand; Historical origin of Branding, Scope of branding
- Introductory Concepts-Brand Personality, Brand Image, Brand Identity
- Brand Loyalty : Types of Brands, Brand Challenges and Opportunities

UNIT–II BRAND MANAGEMENT

- Brand Management : What is a Brand–Brand Development-Extension, Rejuvenation, Relaunch
- Product Vs Brands. Goods and Services : Brands and Added Values
- Factors shaping a Brand over its Life Cycle : Strategic Brand Management Process

UNIT–III BRAND EQUITY : CUSTOMER-BASED BRAND EQUITY

- Brand Equity : Customer-Based Brand Equity : Concept of Brand Equity
- Sources of Brand Equity, Benefits of Brand Equity
- Brand Knowledge Structures, Choosing Brand Elements to Build Equity

UNIT–IV BRAND VALUATION : MEASURING SOURCES OF BRAND EQUITY

- Brand Valuation : Measuring Sources of Brand Equity : Qualitative Research Techniques, Quantitative Research Techniques
- Measuring Outcomes of Brand Equity
- Comparative Methods, Holistic Methods, Brand Equity Measurement System

UNIT–V BRANDING STRATEGIES, BRAND-PRODUCT MATRIX

- Branding Strategies, Brand-Product Matrix, Brand Hierarchy, Designing Brand Strategies
- Naming New Brands and Extensions; New Products and Brand Extensions, Advantages of Extensions
- Brand Positioning, Brand Mantras Internal Branding and Brand Audits

Note for Paper Setter : The paper setter is requested to set 10 questions in all with at least 2 questions from each unit. All the questions shall carry equal marks. The students are required to attempt 5 questions selecting one from each unit necessarily i.e. internal choice is available.

Readings

1. Keller, Kevin Lane : Strategic Brand Management : Building, Measuring and Managing Brand Equity, Upper Saddle River, NJ : Prentice Hall.
2. Joel Kapfferrer; Strategic Brand Management, Kogan Page.
3. Merle C. Crawford : New Product Management, Richard D. Irwin, Homewood, Illinois.
4. Aaker, David A : Building Strong Brands, New York : Free Press.
5. Kotler, P & Keller, K : Marketing Management, Prentice Hall.

LIST OF CONTENTS

INTRODUCTION, CONCEPT, NATURE AND IMPORTANCE OF BRAND; HISTORICAL ORIGIN OF BRANDING, SCOPE OF BRANDING

LESSON STRUCTURE

1.1 INTRODUCTION

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. A brand is a specific term that may include a name, sign, symbol, design or a combination of these, with an intention to identify goods or services of a particular seller.

In fact, the word 'brand' is derived from the Old Norse word brander, which means 'to bum'. Branding helps to develop customer loyalty and it is advertised by sellers under their own name. A good brand develops a corporate image.

Usually customers prefer brands as they can easily differentiate the quality. Thus, branding facilitates product differentiation. Managing a brand is a major task in marketing. The battle in the market takes place not between companies but between brands, and every firm tries best to develop its brand image.

According to Kotler and Armstrong, ‘a brand is a name, term, sign, symbol or design or a combination of these that identifies the maker or seller of a product, or services’.

A brand is a product that adds dimensions to differentiate it in some way from other products designed to satisfy the same need.

Brand is a broad term encompassing most ways of identifying a product, such as its name, design, or symbol.

1.2 OBJECTIVE

The objective of this lesson is :

1. To learn about brand management.
2. To understand about historical origin of branding

Significance of Branding :

Branding provides benefits to buyers and sellers.

To Buyer :

1. A brand helps buyers in identifying the product that they like/dislike.
2. It identifies the marketer.
3. It helps reduce the time needed for purchase.
4. It helps buyers evaluate quality of products, especially if they are unable to judge a product’s characteristics.
5. It helps reduce buyers’ perceived risk of purchase.
6. The buyer may derive a psychological reward from owning the brand (e.g., Rolex watches or Mercedes).

To Seller :

1. A brand differentiates product offering from competitors.

2. It helps segment market by creating tailored images.
3. It identifies the companies' products making repeat purchases easier for customers.
4. It reduces price comparisons.
5. It helps the firm introduce a new product that carries the name of one or more of its existing products.
6. It promotes easier cooperation with intermediaries with well-known brands
7. It facilitates promotional efforts.
8. It helps in fostering brand loyalty, thus helping to stabilize market share.
9. Firms may be able to charge a premium for the brand.

1.3 HISTORICAL ORIGIN OF BRANDING

The earliest origins of branding can be traced to pre-historic times. The practice may have first begun with the branding of farm animals in the middle East in the neolithic period. Stone Age and Bronze Age cave paintings depict images of branded cattle. Egyptian funerary artwork also depicts branded animals.Over time, the practice was extended to marking personal property such as pottery or tools, and eventually some type of brand or insignia was attached to goods intended for trade.

Around 4,000 years ago, producers began by attaching simple stone seals to products which, over time, were transformed into clay seals bearing impressed images, often associated with the producer's personal identity thus giving the product a personality. Bevan and Wengrow have argued that branding became necessary following the urban revolution in ancient Mesopotamia in the 4th century BCE, when large-scale economies started mass-producing commodities such as alcoholic drinks, cosmetics and textiles. These ancient societies imposed strict forms of quality control over commodities, and also needed to convey value to the consumer through branding. Diana Twede has argued that the "consumer packaging functions of protection, utility and communication have been necessary whenever packages were the object of transactions”. She has shown that amphorae used in Mediterranean trade between 1500 and 500 BCE exhibited a wide variety of shapes and markings, which provided information for purchasers during exchange. Systematic use of stamped labels dates appears to date from around the fourth century BCE. In a largely pre-literate society, the shape of the amphora and its pictorial markings functioned as a brand, conveying information about the contents, region of origin and even the identity of the producer which were understood to convey information about product quality.

In pre-literate societies, the distinctive shape of amphorae served some of the functions of a label, communicating information about region of origin, the name of the producer and may have carried product quality claims

A number of archaeological research studies have found extensive evidence of branding, packaging and labelling in antiquity. Archaeologists have identified some 1,000 different Roman potters’ marks of the early Roman Empire, suggesting that branding was a relatively widespread practice

In Pompeii (circa 35 CE), UmbriciusScauras, a manufacturer of fish sauce (also known as garum) was branding his amphora which travelled across the entire Mediterranean. Mosaic patterns in the atrium of his house were decorated with images of amphora bearing his personal brand and quality claims. The mosaic comprises four different amphora, one at each corner of the atrium.

Mosaic showing garum container, from the house of UmbriciusScaurus of Pompeii. The inscription which reads "The flower of garum, made of the mackerel, a product of Scaurus, from the shop of Scaurus"

Scauras' fish sauce was known to be of very high quality across the Mediterranean and its reputation travelled as far away as modern France. Curtis has described this mosaic as a "an advertisement... and a rare, unequivocal example of a motif inspired by a patron, rather than by the artist."

In Pompeii and nearby Herculaneum, archaeological evidence also points to evidence of branding and labelling in relatively common use. Wine jars, for example, were stamped with names, such as "Lassius" and "L. Eumachius;" probably references to the name of the producer. Carbonized loaves of bread, found at Herculaneum, indicate that some bakers stamped their bread with the producer's name and other information including the use, price or intended recipient. These markings demonstrate the public's need for product information in an increasingly complex market-place.

In the East, evidence of branding also dates to an early period. Recent research suggests that Chinese merchants made extensive use of branding, packaging, advertising and retail signage.From as early as 200 BCE, Chinese packaging and branding was used to signal family, place names and product quality, and the use of government imposed product branding was used between 600 and 900 AD.Eckhart and Bengtsson have argued that during the Song Dynasty (960–1127), Chinese society developed a consumerist culture, where a high level of consumption was attainable for a wide variety of ordinary consumers rather than just the elite. The rise of a consumer culture led to the commercial investment in carefully managed company image, retail signage, symbolic brands, trademark protection and the brand concepts of baoji, hao, lei, gongpin, piazi and pinpai, which roughly equate with Western concepts of family status, quality grading, and upholding traditional Chinese values. Eckhardt and Bengtsson's analysis suggests that brands emerged in China as a result of the social needs and tensions implicit in consumer culture, in which brands provide social status and stratification. Thus, the evolution of brands in China stands in sharp contrast to the West where manufacturers pushed brands onto the market in order to differentiate, increase market share and ultimately profits. In Japan, branding has a long heritage. For many Japanese businesses, a "mon" or seal is an East Asian form of brand or trademark.

Hallmark on an English silver spoon, dated to the Medieval period

Not all historians agree that the distinctive packages and markings used in antiquity can be compared with modern brands or labels. Moore and Reid, for example, have argued that the distinctive shapes and markings in ancient containers should be termed *proto-brands* rather than seen as modern brands according to our modern understanding. A proto-brand is one that possesses at least one of three characteristics; *place* – information about the origin of manufacture-expressed by a mark, signature or even by the physical properties of the raw materials including the packaging materials, *performs a basic marketing function* such as storage, transportation and assortment; and *quality attributes*- information about the product's quality expressed by the name of the manufacturer, place of origin or ingredients or any other generally accepted indicator of quality.

The impetus for more widespread branding was often provided by government laws, requiring producers to meet minimum quality specifications or to standardise weights and measures, which in turn, was driven by public concerns about quality and fairness in exchange. The use of hallmarks, applied to precious metal objects, was well in place by the 4th century CE in Byzantium. Evidence of silver bars marked under authority of the Emperor Augustinian dates to around 350 CE, and represents one of the oldest known forms of consumer protection. Hundreds of silver objects, including chalices, cups, plates, rings and bullion, all bearing hallmarks from the early Byzantine period, have been found and documented. Hallmarks for silver and gold were introduced in Britain in 1300.

In Medieval Europe, branding was applied to a broader range of goods and services. Craft guilds, which sprang up across Europe around this time, codified and reinforced, systems of marking products to ensure quality and standards. Bread-makers, silversmiths and goldsmiths all marked their wares during this period. By 1266, English bakers were required by law to put a symbol on each product they sold. Bricui et al. have argued that the number of different forms of brands blossomed from the 14th century following the period of European discovery and expansion.Some individual brand marks have been in continuous use for centuries. The brand, Staffelter Hof, for example, dates to 862 or earlier and the company still produces wine under its name today.

By the 18th century, manufacturers began displaying a royal warrant on their premises and on their packaging

The granting a royal charter to tradesmen, markets and fairs was practiced across Europe from the early Medieval period. At a time when concerns about product quality were a major public issues, a royal endorsement provided the public with a signal that the holder supplied goods worthy of use in the Royal household, and by implication inspired public confidence. In the 15th century, a *Royal warrant of appointment* replaced the royal charter in England. The Lord Chamberlain of England formally appointed tradespeople as suppliers to the Royal household. The printer, William Caxton, for example, was one of the earliest recipients of a Royal Warrant when he became the King's printer in 1476. By the 18th-century, mass market manufacturers such as Josiah Wedgewood and Matthew Boulton, recognised the value of supplying royalty, often at prices well below cost, for the sake of the publicity and cudos it generated. Many manufacturers began actively displaying the royal arms on their premises, packaging and labelling. By 1840, the rules surrounding the display of royal arms were tightened to prevent fraudulent claims. By the early 19th century, the number of Royal Warrants granted rose rapidly when Queen Victoria granted some 2,000 royal warrants during her reign of 64 years.

By the eighteenth century, as standards of living improved and an emerging middle class began to demand more luxury goods and services, the retail landscape underwent major changes. Retailers were tending to specialize in specific goods or services and began to exhibit a variety of modern marketing techniques. Stores not only began to brand themselves, but also displayed branded goods, both in the glazed shop windows to attract passers-by and display counters to appeal to patrons inside the store. Branding was more widely used in the 19th century, following the industrial revolution, and the development of new professions like marketing, manufacturing and business management formalised the study of brands and branding as a key business activity. Branding is a way of differentiating product from mere commodities, and therefore the use of branding expanded with each advance in transportation, communication, and trade.The modern discipline of brand management is considered to have been started by a memo at Procter & Gambleby Neil H. McElroy.

With the rise of mass media in the early 20th century, companies soon adopted techniques that would allow their advertising messages to stand out; slogans, mascots, and jingles began to appear on radio in the 1920s and early television in the 1930s. Many of the earliest radio drama series were sponsored by soap manufacturers and the genre became known as a *soap opera*.Before long, radio station owners realized they could increase advertising revenue by selling 'air-time' in small time allocations which could be sold to multiple businesses. By the 1930s, these *advertising spots,* as the packets of time became known, were being sold by the station's geographical sales representatives, ushering in an era of national radio advertising.

Lux, print advertisement, 1916, Lux was 'positioned' as the soap for all fine fabrics

From the first decades of the 20th-century, advertisers began to focus on developing brand personality, brand image and brand identity—concepts. The British advertising agency, W. S. Crawford's Ltd, began to use the concept of 'product personality' and the 'advertising idea' arguing that in order to stimulate sales and create a 'buying habit', advertising had to 'build a definitive association of ideas round the goods'. In the US, advertising agency, J. Walter Thompson company (JWT), was pioneering similar concepts of brand personality and brand image. The notion of a 'brand personality' was developed independently and simultaneously in both the US and Britain. For example, in 1915 JWT acquired the advertising account for Lux soap and recommended that the traditional positioning as a product for woolen garments should be broadened so that consumers would see it as a soap for use on all fine fabrics in the household. To implement, Lux was repositioned with a more up-market posture, and began a long association with expensive clothing and high fashion. Cano has argued that the positioning strategy JWT used for Lux exhibited an insightful understanding of the way that consumers mentally construct brand images. JWT recognised that advertising effectively manipulated socially shared symbols. In the case of Lux, the brand disconnected from images of household drudgery, and connected with images of leisure and fashion.

By the 1940s, manufacturers began to recognize the way in which consumers were developing relationships with their brands in a social/psychological/ anthropological sense.Advertisers began to use motivational research and consumer research to gather insights into consumer purchasing. Strong branded campaigns for Chrysler and Exxon/Esso, using insights drawn research methods from psychology and cultural anthropology, led to some of most enduring campaigns of the 20th-century. Esso's "Put a Tiger in Your Tank" campaign was based on a tiger mascot used in Scandinavia at the turn of last century, and first appeared as a global advertising slogan in the 1950s and 60s, and subsequently reappeared in the 1990s.Throughout the late 20th-century, brand advertisers began to imbue goods and services with a personality, based on the insight that consumers searched for brands with personalities that matched their own.

Global Brands

Interbrand's 2017 top-10 global brands are Apple, Google, Microsoft, Coca Cola, Amazon, Samsung, Toyota, Facebook, Mercedes-Benz and IBM

Interbrand's Top Ten Global Brands, (*by brand value*) 2017

Rank	**Logo**	**Brand**	**Value** *($m)*
1		Apple	185,154
2	Google	Google	141,703
3	Microsoft	Microsoft	79,999
4	Coca-Cola	Coca-Cola	69,733
5	amazon	Amazon	64,796
6	SAMSUNG	Samsung	56,249
7	TOYOTA	Toyota	50,291
8		Facebook	48,188
9	Mercedes-Benz	Mercedes-Benz	47,829
10	IBM	IBM	46,829

The split between commodities/food services and technology is not a matter of chance : both industrial sectors rely heavily on sales to the individual consumer who must be able to rely on cleanliness/quality or reliability/value, respectively. For this reason, industries such as agricultural (which sells to other companies in the food sector), student loans (which have a relationship with universities/schools rather than the individual loan-taker), and electricity (which is generally a controlled monopoly) have less prominent and less recognized branding. Brand value, moreover, is not simply a fuzzy feeling of "consumer appeal," but an actual quantitative value of good will under Generally Accepted Accounting Principles. Companies will rigorously defend their brand name, including prosecution of trademark infringement. Occasionally trademarks may differ across countries.

Among the most highly visible and recognizable brands is the script and logo for Coca-Cola products. Despite numerous blind tests indicating that Coke's flavor is not preferred, Coca-Cola continues to enjoy a dominant share of the cola market. Coca-Cola's history is so replete with uncertainty that a folklore has sprung up around the brand, including the (refuted) myth that Coca-Cola invented the red-dressed Santa-Clauswhich is used to gain market entry in less capitalistic regions in the world such as the former Soviet Union and China, and such brand-management stories as "Coca-Cola's first entry into the Chinese market resulted in their brand being translated as 'bite the wax tadpole'". Brand management science is replete with such stories, including the Chevrolet 'Nova' or "it doesn't go" in Spanish, and proper cultural translation is useful to countries entering new markets.

Modern brand management also intersects with legal issues such as 'generalization.' The 'Xerox' Company continues to fight heavily in media whenever a reporter or other writer uses 'xerox' as simply a synonym for 'photocopy.' Should usage of 'xerox' be accepted as the standard American English term for 'photocopy,' then Xerox's competitors could successfully argue in court that they are permitted to create 'xerox' machines as well. Yet, in a sense, reaching this stage of market domination is itself a triumph of brand management, in that becoming so dominant typically involves strong profit.

Scope of Branding

There are many important reasons for branding products from the firm's perspective

1) **Means of identification** – Branding helps position a product in terms of price, quality, status, etc. Customers look for certain brands basis its value and prestige. The branding done on cartons (packaging) helps simplify handling and tracing as well.

2) **Trademark** – It also protects company's efforts for which huge expenditures have be made in promotional activities. A brand serves as a source of a company's image, and by legalising it, brand protects the image. Competitors cannot copy the same brand image or name once it is patented or trademarked.

3) **Easy launching of new products or product lines** – An organisation with a successful brand image in a market can rely heavily on its brand for launching new products or entering new markets.

4) **Customers influence demand of successful brands** – Customers do influence distributors by inquiring about a successful brand. This helps the manufacturers as distributors are asked to deliver brands with high demand. This strengthens company's influence in the distribution network to a large extent.

5) **Customer loyalty** – Branding becomes a means of creating customer loyalty. A customer impressed with a product from a brand, will be inclined to buy a different product from the same brand.

6) **Competitive advantage** – A successful brand in the market poses a big challenge for competitors to capture its market share. It also serves as a deterrent for new entrants in the market.

7) **Helps in segmenting the market** – for example, different detergent brands are marketed for different segments.

Customer's perspective- A customer benefits in the following ways –

1) Identification of the source of the product.

2) Symbol of quality – Mercedes is associated with well-built and engineered vehicle of highest quality.

3) Easy comparison among same kind of products from different manufacturers.

4) Assignment of responsibility to the manufacturer – warranties, guarantees, after sales service, returns.

5) Status symbol – various psychographic variables influence a person's buying of certain brands. Customers many times choose a brand that serves as an extension to their personality, status in the society. For most of the customers, buying a Jaguar car not only serves the need of travelling but also a status symbol in the society. Buying a Royal Enfield or a Harley Davidson fulfils the macho and rugged image of buyers.

1.4 SUMMARY

Branding is a key issue and a challenge that can define the life of a product and hence of the organization in the marketplace. For the consumers, a brand is a product but for the organization, it is a mammoth task to convert a product into a brand. A brand is different from a product. To be successful in a highly competitive market, a brand must provide some differential advantage. The benefits are successful legal protection, price premiums, and customer loyalty. Benefits to the customer are a proxy for quality, help in decision making and reduction in purchase risk.

1.5 GLOSSARY

Augmented Product when a product is accompanied by additional benefits and services, it leads to the third stage of the augmented product.

1.6 SELF-ASSESSMENT QUESTIONS

Q.1 Enumerate five benefits of branding for the customers.

1.7 LESSON END EXERCISES

Q.1 Discuss why an organization needs to build a brand, when it can simply sell its products and reap profits without having to spend on brand building.

1.8 SUGGESTED READINGS

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.

2. Interbrand, Brand Valuation, March 2003, p3

1.9 REFERENCES

1. Keller, K.L.(2004), Strategic Brand Management Building, Measuring and Managing Brand Equity, Prentice-Hall of IndiaPrivate Limited, New Delhi.

INTRODUCTORY CONCEPTS-BRAND PERSONALITY, BRAND IMAGE, BRAND IDENTITY

LESSON STRUCTURE

2.1 INTRODUCTION

Branding continues to be strong force in the marketing of an organizations products-be it a physical product or a service. 'A brand is more than a name. It is a relationship based on an assurance, a promise and trust. Successful brands deliver these timeless values, build on them, and resonate not just with the immediate needs of the consumers, but also with their larger aspirations'. This helps organizations deliver their brand promise and at the same time builds a long term brand relationship with the customers.

2.2 OBJECTIVE

1. To learn about brand personality, brand Image and Brand Identity.

2.3 BRAND PERSONALITY

What Leads To Brand Personality?

- **Branding Strategies** : The name, logo, color, fonts and other branding strategies affect the brand personality.
- **Marketing Activities** : Marketing activities like taglines, product packaging, and marketing communication strategies have a huge role in defining a brand's personality.

The idea of brand personality comes from around 1961 but it started being more heavily used from the 1980's. It is deeply connected with The Big Five Personality Traits, from which all human behavior is derived, based on a small set of fundamentals. Brand personality refers to the personification of any brand. It is basically a set of human characteristics or traits that are assigned or embedded within a brand. Brand personality is created when there are human-like traits such as caring, creative, trustworthy, unique, straightforward, rebel, dishonest, etc. are a part of the brand characteristics. Brand personality is the way in which a brand behaves or communicates with its users. Human-like characteristics signify the brand behavior through the individuals who are representing the brand (e.g. employees) along with packaging, advertising, etc. When brand identity or brand image is expressed in the form of human-like characteristics, it is referred to as brand personality.

Brand Personality Traits by Jennifer Aaker

Branding has become a very popular concept nowadays and has led marketers to analyse and draft their marketing strategies on how they can build better brands. Traits list of brand personality as presented by Jennifer Aaker are as follows :

- Brand Sincerity
- Brand Excitement

- Brand Competence
- Brand Sophistication
- Brand Ruggedness

Brand Sincerity : This refers to how sincere the brand is? Honest, genuine, wholesome and cheerful are some traits that come to mind when associating characteristics with this dimension. There are several marketing outlets available for a brand ranging from traditional methods to social media platform, people are still more skeptical when the question is of the sincerity level of the brand.

Brand Excitement. The first word that comes to your mind when you are going to Universal Studios or Disney Worlds is 'excitement'. Brands which are spirited, imaginative and daring tend to develop a level of excitement in customers and hence are categorized as brand excitement traits.

Brand Competence. The attributes of this brand personality include expertise, success, reliability and intelligence. The concept of Six Sigma and Kaizen where developed in the manufacturing concerns because the units were willing to become competent. There are several factors which create race amongst products and competence and production are one of them.

Brand Sophisticated. Common attributes associated with this brand personality trait includes elegant, poised, charming and refined. Armani, Versace and Tiffany are some brands which are categorized as ultra-premium and sophisticated. This is perhaps the toughest personality traits that can be included in any brand. The basic is that the brand ideology needs to be reinforced on a regular basis so as to make it sophisticated.

Brand Ruggedness : Brand ruggedness is known because of the toughness, strong personality and outdoor nature that comes along with it. A good example of brand ruggedness is Woodland shoes which are based upon toughness.

Brand Personality Examples

Here are some examples of brand personality.

Brand Personality of Starbucks

Starbucks has a sophisticated personality trait. You might have come across several people who advertise on social media that they are going to Starbucks as a symbol of maturity and sophistication. There are several kids who visit Starbucks and they all buy Starbucks juice. Does this mean that Starbucks sells the best juice? Or it is simply because they develop a more mature feeling when engaging with the popular coffee brand?

Nike Brand Personality

The brand personality of Nike is ruggedness. Branding strategies of Nike are that it is a leader in athletic apparel and shoes and they pride themselves in being the best athletic gear. The nature of their product is tough and outdoorsy and endorses successful products in nearly every sport. When you visit any sporting event, you can see many athletes sporting with Nike gear. This brand creates a personality which is tough and successful.

Brand Personality of Apple

The Apple shows sincerity as it is all about simplicity and removing complexities from the lives of people, people-driven product design and being a humanistic company, which has a deep connection with its customers.

Harley Davidson Brand Personality

Harley Davidson personality is ruggedness and rebel. Promotional campaigns initiated by the company which named motorcycles as mean and tough machines. Its logo and the use of dynamic and bright colors helped Harley Davidson build its brand personality.

Brand Personality of Volvo

The **personality** of Volvo is sincerity. The emotional positioning of the auto manufacturer is firmly connected with competence. Volvo is all about performance, design, safety and the overall environment. These characteristics are very important for a Volvo consumer who is well aware that all these elements are considered thoroughly in the designing process.

Caterpillar Brand Personality

The brand personality of Caterpillar is ruggedness. The nature of the brand is that it is used for tough and outdoor works which automatically builds its personality.

2.4 BRAND IMAGE

Brand image is the current view of the customers about a brand. It can be defined as a unique bundle of associations within the minds of target customers. It signifies what the brand presently stands for. It is a set of beliefs held about a specific brand. In short, it is nothing but the consumers' perception about the product. It is the manner in which a specific brand is positioned in the market. Brand image conveys emotional value and not just a mental image. Brand image is nothing but an organization's character. It is an accumulation of contact and observation by people external to an organization. It should highlight an organization's mission and vision to all. The main elements of positive brand image are- unique logo reflecting organization's image, slogan describing organization's business in brief and brand identifier supporting the key values.

Brand image is the overall impression in consumers' mind that is formed from all sources. Consumers develop various associations with the brand. Based on these associations, they form brand image. An image is formed about the brand on the basis of subjective perceptions of associations bundle that the consumers have about the brand. Volvo is associated with safety. Toyota is associated with reliability.

The idea behind brand image is that the consumer is not purchasing just the product/service but also the image associated with that product/service. Brand images should be positive, unique and instant. Brand images can be strengthened using brand communications like advertising, packaging, word of mouth publicity, other promotional tools, etc.

Brand image develops and conveys the product's character in a unique manner different from its competitor's image. The brand image consists of various associations in consumers' mind - attributes, benefits and attributes. Brand attributes are the functional and mental connections with the brand that the customers have. They can be specific or conceptual. Benefits are the rationale for the purchase decision. There are three types of benefits : Functional benefits - what do you do better (than others), emotional benefits - how do you make me feel better (than others), and rational benefits/support - why do I believe you (more than others). Brand attributes are consumers overall assessment of a brand.

Brand image has not to be created, but is automatically formed. The brand image includes products' appeal, ease of use, functionality, fame, and overall value. Brand image is actually brand content. When the consumers purchase the product, they are also purchasing it's image. Brand image is the objective and mental feedback of the consumers when they purchase a product. Positive brand image is exceeding the customers' expectations. Positive brand image enhances the goodwill and brand value of an organization.

Importance of Brand Image for Business Success

Every organization invests all their efforts to build a strong brand image as it is very helpful in fulfilling the motives and objectives of a business. A strong image of your brand can deliver the following benefits to your organization :

- It becomes easier to introduce new products within a brand name.
- Additional profits in the form of new customers are attracted towards the product or service.
- It tends to develop a better business-customer relationship.
- It helps in increasing the trust level of existing customers and is helpful in customer retention.

Brand image is a deciding factor which determines the sales of a product and it is very important because it is the aggregation of views and beliefs related to a certain brand. The value and character of that particular brand are portrayed through its image and is eventually that mirror in which the key values of the organization is reflected.

Examples of Brand Image

Amongst several, one of the main purposes of any brand is to create an image that will take the organization and its offerings forward and in order to achieve this, huge budgets are allocated and many creative ideas are scrutinized. Some examples of the strong brands' image include :

- **Colgate** : Colgate is that brand name which is popular in nearly every household worldwide. The brand has managed to create its image which defines belief and trust. **Consumers** of Colgate are convinced that the brand will deliver satisfactory results. Colgate has created an image in the mind of its customers that using it will be better for looking after their teeth and is a good way to maintain their dental and oral health. As a result, consumers mostly go for Colgate as the brand is synonymously been associated with trust.
- **Tiffany & Co. :** Tiffany & Co. has a brand image in the minds of the customers to be a top quality and expensive brand through its **products**, events, ads, stores, and others. High quality and luxurious brand image of the company has grown organically from such consistent experiences.
- **McDonald's** : The brand image of McDonald's is quick and inexpensive food, the food, stores, service; commercials and other such elements consistently reflect the image of the brand. Additionally, it creates an image in the minds of customers as affordable food with which customers are quite comfortable. They know what will be getting once they come to McDonald's.

2.5 BRAND IDENTITY

Brand identity is the visible elements of a brand, such as color, design, and logo that identify and distinguish the brand in consumers' minds. Brand identity is distinct from brand image. The former corresponds to the intent behind the branding : the way a company chooses its name; designs its logo; uses colors, shapes, and other visual elements in its products and promotions; crafts the language in its advertisements; and trains employees to interact with customers—all with the goal of cultivating a certain image in consumers' minds. Brand image is the actual result of these efforts, successful or unsuccessful.

Understanding Brand Identity

Apple Inc. consistently tops surveys of the most effective and beloved brands because it has successfully created the impression that its products are sleek, innovative, top-of-the-line status symbols, and yet eminently useful at the same time. Apple's brand identity and brand image are closely aligned.

At the same time, it is possible to craft a positive brand identity that fails to translate into a positive brand image. Some pitfalls are well known, and attempts by legacy brands to appeal to a new generation or demographic are especially treacherous. An infamous example is a 2017 ad by PepsiCo, Inc., which depicted a non-specific protest that appeared to allude to Black Lives Matter, a movement protesting police violence against people of color. The brand identity it wished to project, as a spokesperson subsequently described it, was "a global message of unity, peace, and understanding."

Instead, the ad was widely disparaged for "trivializing" Black Lives Matter, as *The New York Times* put it. The moment in the ad when a white actress hands a Pepsi to a police officer and seems to instantly resolve all of the fictional protesters' grievances became the focus of heavy criticism. Dr. Martin Luther King, Jr.'s daughter Bernice King tweeted, "If only Daddy would have known about the power of Pepsi," accompanied by a picture of Dr. King being pushed by a police officer in Mississippi. Pepsi pulled the ad and apologized.

Pepsi's sales do not appear to have been directly affected by this gaffe, but in some cases, a negative gap between brand identity and brand image can affect financial results. The teen apparel retailer Abercrombie & Fitch suffered a severe downturn when its once-popular brand became associated with garish logos, poor quality, oversexed advertising, and plain meanness. The company refused to sell women's clothing size XL or larger, for example, because, "We go after the attractive all-American kid with a great attitude and a lot of friends," the chief executive officer (CEO) said. "A lot of people don't belong, and they can't belong."

By the same token, building a positive brand image can bring in consistent sales and make product roll-outs more successful. An example of the benefits of brand loyalty is seen in the introduction of two new subscription-based music streaming services in 2015. Tidal and Apple Music had to make very different choices in the marketing and roll-outs of their services because of brand loyalty. Apple, an established brand with very loyal customers, didn't have to invest in the type of celebrity-oriented marketing that Tidal used in order to promote its new service.

Brand Identity and Value

Beyond saving a company money on promotion, a successful brand can be one of a company's most valuable assets. Brand value is intangible, making it difficult to quantify, but common approaches take into account the cost it would take to build a similar brand, the cost of royalties to use the brand name, and cash flow of comparative unbranded businesses. Nike, Inc., for example, owns one of the world's most instantly recognizable logos, the "swoosh." In *Forbes* "The World's Most Valuable Brands" 2018 ranking, the Nike brand ranked 18 with an estimated value of $32 billion, despite the fact that, in a world devoid of brand perception, taking the swoosh off of Nike's shoes and apparel would change nothing about their comfort or performance. The top brand on the list was Apple, with an estimated value of $182.8 billion.

Building Brand Identity

The steps a company should take to build a strong, cohesive, and consistent brand identity will vary, but a few points apply broadly to most :

1. **Analyse the company and the market** : A full SWOT analysis that includes the entire firm—a look at the company's strengths, weaknesses, opportunities, and threats—is a proven way to help managers understand their situation so they can better determine their goals and the steps required to achieve them.

2. **Determine key business goals** : The brand identity should help fulfill these goals. For example, if an automaker is pursuing a niche luxury market, its ads should be crafted to appeal to that market and should appear on channels and sites where potential customers are likely to see them.

3. **Identify its customers** : Conducting surveys, convening focus groups, and holding one-on-one interviews can help a company identify its consumer group.

4. **Determine the personality and message it wants to communicate** : A company needs to create a consistent perception, rather than trying to combine every conceivable positive trait : utility, affordability, quality, nostalgia, modernity, luxury, flash, taste, and class. All elements of a brand, such as copy, imagery, cultural allusions, and color schemes, should align and deliver a coherent message.

Building a brand identity is a multi-disciplinary strategic effort, and every element needs to support the overall message and business goals. It can include a company's name, logo, and design; its style and the tone of its copy; the look and composition of its products; and, of course, its social media presence. Apple founder Steve Jobs famously obsessed over details as small as the shade of gray on bathroom signs in Apple stores. While that level of focus may not be necessary, the anecdote shows that Apple's successful branding is the result of intense effort, not serendipity.

Brand Identity History

National, religious, guild and heraldic symbols, which we might see as analogous to modern branding, go back millennia. The modern practice dates to the industrial revolution, however, when household goods began to be produced in factories, manufacturers needed a way to differentiate themselves from competitors. Thus, these efforts evolved from simple visual branding to advertisements that included mascots, jingles, and other sales and marketing techniques. British brewing company Bass Brewery and the food-processing company Tate & Lyle both claim to have the oldest trademarked brands. Other brands that emerged in that period include Quaker Oats, Aunt Jemima, and Coca-Cola.

2.6 SUMMARY

Organizations invest time, money and effort in building a product and establishing a reputation in the market. To get maximum returns on the investment and to increase marketability, organizations use branding. Creating a brand is a sequential task and starts with the strategic analysis of the external and the internal environment. From this analysis, the opportunities are highlighted and brand objective is delineated.

2.7 GLOSSARY

Brand Gap The gap caused due to the difference between brand identity established by the company and the brand image perceived by the customers.

2.8 SELF-ASSESSMENT QUESTIONS

1. What is brand identity? How it is different from brand image?
2. Critically analyse how the identity of a brand can be designed.

2.9 LESSON END EXERCISES

1. Discuss any three ways in which an organization can build its brand image. Why do you think these ways are important?

2.10 SUGGESTED READINGS

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.
2. Interbrand, Brand Valuation, March 2003, p3

2.11 REFERENCES

1. Keller, K.L.(2004), Strategic Brand Management Building, Measuring and Managing Brand Equity, Prentice-Hall of India Private Limited, New Delhi.

BRAND LOYALTY : TYPES OF BRANDS, BRAND CHALLENGES AND OPPORTUNITIES

LESSON STRUCTURE

3.1 INTRODUCTION

Building brands is an important aspects of marketing for the long term sustenance of a firm. A brand name not only imparts recognition to a product but gives it an identity. In the same product class, products of different firms can have different meanings for consumers. Thus, in the same product class, the product of one firm can mean quality, of another, value for money, yet another company's products can mean fun and good times, etc.

3.2 OBJECTIVE

1. To understand Brand loyalty
2. To learn about brand challenges and opportunities

3.3 BRAND LOYALTY

Brand loyalty is define as positive feelings towards a brand and dedication to purchase the same product or service repeatedly now and in the future from the same brand, regardless of a competitor's actions or changes in the environment. It can also be demonstrated with other behaviors such as positive word-of-mouth advocacy. Brand loyalty is where an individual buys products from the same manufacturer repeatedly rather than from other suppliers.Businesses whose financial and ethical values, for example ESG responsibilities, rest in large part on their brand loyalty are said to use the loyalty business model.

Brand loyalty, in marketing, consists of a consumer's commitment to repurchase or continue to use the brand. It can be demonstrated by repeated buying of a product, service, or other positive behaviors such as word of mouth advocacy. This concept of a brand displays imagery and symbolism for a product or range of products. Brands can have the power to engage consumers and make them feel emotionally attached. Consumer's beliefs and attitudes make up brand images, and these affect how they will view brands with which they come into contact. Brand experience occurs when consumers shop or search for, and consume products. Holistic experiences such as sense, relation, acting and feeling occur when one comes into contact with brands. The stronger and more relational these senses are to the individual, the more likely repeat purchase behavior will occur. After contact has been made, psychological reasoning will occur, followed by a buy or not-buy decision. This can result in repeat purchase behavior, thus incurring the beginning brand loyalty. Brand loyalty is not limited to repeat purchase behavior, as there is deeper psychological reasoning as to why an individual will continuously re-purchase products from one brand. Brand loyalty can be shortly defined as the "behavioral willingness" to consistently maintain relations with a particular brand. In a survey of nearly 200 senior marketing managers, 68 percent responded that they found the "loyalty" metric very useful.

True brand loyalty occurs when consumers are willing to pay higher prices for a certain brand and go out of their way for the brand, or think highly of it.

Purpose

Brand loyalty is a good measure for managers to use when trying to predict brand performance outcomes. It also highlights the importance of marketing communication when trying to promote a certain product that's not doing as well as other succeeding products. Marketers are able to look at the patterns of brand loyalty and pick out characteristics that make that product thrive.

Long Term Impact on Business

Brand loyalty in marketing, consists of a consumer's devotion, bond, and commitment to repurchase and continue to use a brands product or service over time, regardless of changes with competitors pricing or changes in the external environment. Brand loyalty reflects a customer's commitment to remain in a relationship for a long period of time with a brand.

A critical factor of building brand loyalty is developing a connection or relationship between the consumer and the brand. When an emotional relationship is created between the consumer and the brand this leads to a strong bond and a competitive advantage for that particular brand. Loyalty consists of both attitudinal and behavioral components. Attitudinal loyalty relates to the customers willingness to purchase product or service from the brand at any reasonable cost. Behavioral loyalty is the re-purchasing. Both behavioral and attitudinal components are important. One example is that a consumer displays behavioral loyalty by buying Coke when there are few alternatives available and attitudinal loyalty when they will not buy an alternative brand when Coke is not available. The attitudinal component is psychological, this leads to the behavioural action of repeat purchase. It is the attitudinal loyalty that drives most loyalty behavior and ensures loyalty over time not just with one purchase. "Brand loyalty is desired by firms because retention of existing customers is less costly than obtaining new ones. Firms profit from having loyal customers".

Benefits

Brand loyalty has shown to profit firms by saving them a lot of money. Benefits associated with loyal consumers include :

- Acceptance of product extensions.
- Defense from competitors cutting of prices.
- Creating barriers to entry for firms looking to enter the market.
- Competitive edge in market.
- Customers willing to pay high prices.
- Existing customers cost much less to serve.
- Potential new customers.

Generally speaking, brand loyalty will increase profit over time as firms do not have to spend as much time and money on maintaining relationships or marketing to existing consumers. Loyal long-term customers spend more money with a firm

Construction :

Brand loyalty is more than simple repurchasing. Customers may repurchase a brand due to situational constraints (such as vendor lock-in), a lack of viable alternatives, or out of convenience. Such loyalty is referred to as “spurious loyalty”.

A recent study showed that customer loyalty is affected by customer satisfaction, but the association differs based on customer switching costs (procedural, relational, and financial). True brand loyalty exists when customers have a high relative attitude toward the brand which is then exhibited through repurchase behavior. This type of loyalty can be a great asset to the firm : customers are willing to pay higher prices, they may cost less to serve, and can bring new customers to the firm.For example, if Joe has brand loyalty to Company A he will purchase Company A’s products even if Company B’s are cheaper and/or of a higher quality. From the point of view of many marketers, loyalty to the brand — in terms of consumer usage — is a key factor. However, companies often ensure that they are not spending resources to retain loyal but unprofitable customers.

Usage rate

Most important is usually the 'rate' of usage, to which the Pareto 80-20 Rule applies. Kotler's 'heavy users' are likely to be disproportionately important to the brand (typically, 20 percent of users accounting for 80 percent of usage — and of suppliers' profit). As a result, suppliers often segment their customers into 'heavy', 'medium' and 'light' users; as far as they can, they target 'heavy users'. However, research shows that heavy users of a brand are not always the most profitable for a company.

Loyalty

A second dimension, is whether the customer is committed to the brand. Philip Kotler, again, defines four status of loyalty :

1. Hard-core Loyals - who buy the brand all the time.
2. Split Loyals - loyal to two or three brands.
3. Shifting Loyals - moving from one brand to another.
4. Switchers - with no loyalty (possibly 'deal prone', constantly looking for bargains or 'vanity prone', looking for something different). Again, research shows that customer commitment is a more nuanced a fine-grained construct than what was previously thought. Specifically, customer commitment has five dimensions, and some commitment dimensions (forced commitment may even negatively impact customer loyalty).

Psychological Reasoning

Line of people waiting for the iPhone 3G outside of the Apple Storein New York City, 2008.

Humans are attracted to certain brands due to each individual psychological makeup. Cognitive responses can be matched with brand personalities. Brand personalities are broken down into 5 categories of traits : sincerity, ruggedness, competence, sophistication and excitement. Consumers are usually drawn to brands because the brand will strongly convey one of these traits, and that trait will resonate in the individual consumers mind. These traits are matched to the five psychological factors that the consumers are influenced by. These are the perception, learning, motivation, and beliefs and attitudes. In relation to brand loyalty, the most important factors are beliefs and attitudes. A belief that one might hold can be based on real knowledge, faith or opinion and have the ability to carry an emotional charge. Consumers use these beliefs to form a brand image in their minds, and marketers try to either change or enhance people's beliefs to draw them to their brand. Marketers can advertise messages such as 'no added sugar' and then if this statement resonates in the consumers mind, they will believe that this brands beliefs matches theirs Beliefs that consumers hold against brands can also be false, as word of mouth, false advertising and so forth can create false impressions. Marketers will try to counteract these negative beliefs so the consumer feels like they hold similar beliefs as the brand. Attitudes can be based on brand salience and accessibility. Consumers make constant evaluations on every aspect of their lives and these make up attitudes. Ones attitude is usually difficult to change, so marketers try to fit their brands and products into categorical attitudes. Each time a consumer makes contact with a brand (through advertising and promotion), they reflect on their attitudes to make judgements and decisions about that particular brand. If a person's attitude coincides with what a brand is trying to convey, the consumer will put the brand into a 'liking' category in their mind. The consumer will then be more likely to increase involvement with this brand, and because attitudes are difficult to change, the chances of brand loyalty occurring are increased.

Other advertising techniques such as comparative advertising have shown to increase the brand attitudes one might have. When a brand praises a competitor, rather than using a negative comparison, consumers are shown to have more positive brand attitudes, therefore drawing them to the brand. Brands may advertise themselves in ways that have nothing to do with their product, but using emotional influences that they know the average consumer will engage with. For example, using religion, world peace, love, death, children and many more symbols that humans can feel sentimental about will attract consumers to their brand. Through advertising, marketers are beginning to focus more on implicit emotional messages, rather than the actual content or information about their brand. Consumers take notice of campaigns, and a wave effect can occur, due to the relational sense of the campaign to the common persons emotions. Once an emotional hold has taken force, consumers are more likely to be able to recall the brand than consumers who have been subject to a large amount of content information. Because of this increased level of recall, brand loyalty is more likely to occur, as the brand name is resonating in the consumers mind due to a feeling of emotional attachment. Furthermore, consumers are willing to pay more for a product that has a brand name that resonates with them emotionally.

High VS Low Involvement Consumers

Buying decisions from consumers can be dependent on their level of involvement with the product or brand. Brand loyalty can stem from whether the consumer is highly or lowly involved with the brand. High involvement consumers interact with brands and products that are important to them, are risky or expensive and products that people who are important to the consumer have strong opinions on. High Involvement consumers will usually progress through complex buying behavior to decide whether they want to purchase a product whose brand greatly differs from others. This involves gaining knowledge of the product, specifications and attributes, and furthermore creating attitudes that lead to the buyer's decision. Similarly, dissonance-reducing buying behavior occurs in the same situation, but instead with brands they see little differences between. This process consists of consumers finding purchase convenience, attractive pricing, and shopping around. High involvement consumers search for more product attributes and engage in more product related activities, such as searching for more information on a product and researching the brands background. This engagement makes consumers aware and knowledgeable of the brands attributes, so therefore they can shape behavioral brand loyalty, as the consumer feels that they know the brand well.

Low involvement consumers take on the habitual buying behavior or variety seeking behavior. These processes occur when a consumer is purchasing fast moving goods and requires a low product involvement level.Habitual behavior occurs when the consumer doesn't see large differences between brands; so therefore don't search for information. Consumers usually purchase on the basis of advertising or promotion creating familiarity. The attitudes formed by being exposed to advertisements and promotions are what can cause brand loyalty to occur. The limited amount of information processing and lack of cognitive work done to assess each brand can mean that these consumers stick with a brand simply because it is less work. Low involvement consumers are using short-cut evaluations so a known brand name that they haven't thought deep enough to find faults in will be an easy buy-decision for them. Habitual buying behavior can result in brand loyalty subconsciously. The consumer isn't actively aware they want to purchase repeatedly from a particular brand, it is just in their habitual nature to do so. Alternatively, low involvement consumers who are using variety seeking behavior see differences between brands and tend to do a lot of switching. To attempt to persuade these consumers into habitual buying behavior, marketers will try to dominate shelf space, cut prices or introduce new products. If a low involvement consumer continues to use variety-seeking behavior, brand loyalty is unlikely to be established.

Factors influencing brand loyalty

It has been suggested that loyalty includes some degree of predisposition toward a brand. Brand loyalty is viewed as multidimensional construct. It is determined by several distinct psychological processes, and it entails multivariate measurements. Customer perceived value, brand trust, customer satisfaction, repeat purchase behavior, and commitment are found to be the key influencing factors of brand loyalty. Commitment and repeated purchase behavior are considered as necessary conditions for brand loyalty followed by perceived value, satisfaction, and brand trust.

Fred Reichheld, one of the most influential writers on brand loyalty, claimed that enhancing customer loyalty could have dramatic effects on profitability. However, new research shows that the association between customer loyalty and financial outcomes such as firm profitability and stock-market outcomes is not as straightforward as was once believed. Many firms overspend on customer loyalty, and then do not reap the intended benefits. Among the benefits from brand loyalty — specifically, longer tenure or staying as a customer for longer — was said to be lower sensitivity to price. This claim had not been empirically tested until recently. Recent research found evidence that longer-term customers were indeed less sensitive to price increases. Byron Sharp showed empirically that behavior affects attitudinal response not the other way round. Longer term customers are less sensitive because it is harder for them to completely stop using the brand.

An organizations ability to attract and retain customers is vital to its success. Customer loyalty requires a strong appetite by the customer for a product. Marketing tools such as integrated marketing communications (IMC) and branding can be used in ways to increase perceived attraction between the consumer and the brand. These tools are used to boost emotional response and attachment to the brand, as well as to influence feelings the customer has for a brand, both are important for congruency and a relationship, this in turn leads to the development of brand loyalty. Relationship development and maintenance can also be achieved through the use of loyalty programs or a celebrity endorser. These can help to increase a bond between a brand and a consumer.

IMC is defined as "integrating a variety of convincing messages across various forms to communicate with and develop relationships with customers". IMC can be used to convey the brand image, increase awareness, build brand equity, and achieve shared values between the consumer and the brand.

IMC and brand loyalty

IMC and branding are both relevant marketing tools for increasing the brand loyalty of consumers. The decisions made around communications and branding should be based on solid and factual market research about the consumers. If the brand or the IMC do not seem to be relevant to the target market, consumers will not pay attention. An example of this is that high customization, creativity and a more direct voice is recommended for messages directed towards generation Y consumers as generation Y want to be treated differently from the rest of the market and marketers should acknowledge this.

Loyalty programs help to reward and encourage customers, which is a necessary factor for customers to want to repurchase. The consumer should feel a connection with the brand to want repeat purchase and portray other brand loyalty behaviors such as positive word of mouth. “A loyalty program is an integrated system of marketing actions that aims to make member customers more loyal to a brand”. The main goal of a loyalty program is to create or enhance customer loyalty towards a brand whilst being sustained even after a loyalty program is discontinued. Thus, to an extent a loyalty program motivates customers to change their behavior.

The reason for marketers to use such tactics as a loyalty program is to increase likelihood of repeat purchase and retrieve vital information about the spending habits of the consumer. Loyalty programs that enhance the consumer’s opinion about how much the firm can offer them may be essential for building a relationship. Even though these programs can cost a lot of money, they help to create a relationship between the brand and the consumer. An example of a loyalty program is a simple point system. Frequent customers earn points or dollars, which transform into freebies, discounts, rewards or special treatment of some sort, customers work toward a specific amount of points to redeem their benefit.

Celebrity endorsers moderate the relationship between the consumer and the brand by personifying the brand to match the perceptions of the consumer themself. Using a celebrity endorser can facilitate a relationship built between consumers and a brand because endorsers can represent similarities between themselves and the consumer, and themselves and the brand. Celebrities are used to make marketing tactics more convincing and marketing communications more effective.

An example is that a celebrity may be influential to a generation Y consumer because that generation views them as likeable, real and beautiful. In order for celebrity endorsers to effectively reach the audience, they must connect and identify with the audience. The use of a popular celebrity endorser could personalize the brand for the consumer and create the relationship between the consumer and the brand. To ensure endorsement is successful the celebrity should match the brand and the consumer. The effect of using a celebrity endorser that consumers look up to and want to emulate can lead to increased congruence between the values of the consumers and the brand, and improve the relationship between the two.

Industrial markets

In industrial markets, organizations regard the 'heavy users' as 'major accounts' to be handled by senior sales personnel and even managers; whereas the 'light users' may be handled by the general sales force or by a dealer.

Portfolios of brands

Andrew Ehrenberg, then of the London Business School said that consumers buy 'portfolios of brands'. They switch regularly between brands, often because they simply want a change. Thus, 'brand penetration' or 'brand share' reflects only a statistical chance that the majority of customers will buy that brand next time as part of a portfolio of brands they prefer. It does not guarantee that they will stay loyal.

Influencing the statistical probabilities facing a consumer choosing from a portfolio of preferred brands, which is required in this context, is a very different role for a brand manager; compared with the — much simpler — one traditionally described of recruiting and holding dedicated customers. The concept also emphasizes the need for managing continuity.

Issues

When brands are well established and have a decent flow of consumers, problems may arise such as slips in product quality, safety of products and lack of customer care. These problems can be detrimental to a brand that has become too confident as they can be publicly exposed and reputations can be ruined. On the contrary, many brands continue to get away with scandals, and it does not affect their image in any way.[3] For example, the Coca-Cola brand has been involved in scandals including murders in Colombia, crimes in India and various health dangers; all relating back to the company name. The power that this brand holds is the fact that Coca-Cola is the top in its field and has a hold over competitors. The reputation of such a massive organization is hard to dent with the powerful distribution rights and funds to create some of the best ad campaigns.

3.3.1 TYPES OF BRANDS

Many kinds of things can become brands. Different types of brands include individual products, product ranges, services, organizations, individual persons, groups, events, geographic places, private label brands, media, and e-brands.

Individual Brands

The most common type of brand is a tangible, individual product, such as a car or drink. This can be very specific, such as the Kleenex brand of tissues, or it can encompass a wide range of products. Product brands can also be associated with a range of offerings, such as the Mercedes S-class cars or all varieties of Colgate toothpaste.

Service Brands

A service brand develops as companies move from manufacturing products to delivering complete solutions and intangible services. Service brands are characterized by the need to maintain a consistently high level of service delivery. This category includes the following :

- Classic service brands (such as airlines, hotels, car rentals, and banks)
- Pure service providers (such as member associations)
- Professional service brands (such as advisers of all kinds—accountancy, management consultancy)
- Agents (such as travel agents and estate agents)
- Retail brands (such as supermarkets, fashion stores, and restaurants)

Organization Brands

Organization brands are companies and other entities that deliver products and services. Mercedes and the U.S. Senate each possess strong organization brands, and each has associated qualities that make up their brand. Organizations can also be linked closely with the brand of an individual. For example, the U.S. Democratic party is closely linked with Bill and Hillary Clinton and Barack Obama.

Personal Brands

A person can be considered a brand. It can be comprised of one individual, as in the cases of Oprah Winfrey or Mick Jagger. Or it may be composed of a few individuals, where the branding is associated with different personalities. With the advent of the Internet and social media, the phenomenon of *personal branding* offers tools and techniques for virtually anyone to create a brand around themselves.

Group Brands

Group branding happens when there is a small group of branded entities that have overlapping, interconnected brand equity. For example, the OWN group brand of the Oprah Winfrey Network and the brand of its known members (Oprah and her team) are strongly connected. Similarly, the Rolling Stones represents a group brand that is strongly associated with the personal brands of its members (most enduringly, Mick Jagger, Keith Richards, Ronnie Wood, and Charlie Watts).

Event Brands

Events can become brands when they strive to deliver a consistent experience that attracts consumer loyalty. Examples include conferences the TED series; music festivals like Coachella or SXSW; sporting events like the Olympics or NASCAR; and touring Broadway musicals like *Wicked*. The strength of these brands depends on the experience of people attending the event. Savvy brand managers from product, service, and other types of brands realize the power of event brands and seek to have their brands associated with the event brands through sponsorships. Event sponsorship is now a thriving big business.

Geographic Place Brands

Many places or areas of the world seek to brand themselves to build awareness of the essential qualities they offer. Branded places can range from countries and states to cities, streets, and even buildings. Those who govern or represent these geographies work hard to develop the brand. Geographic branding is used frequently to attract commerce and economic investment, tourism, new residents, and so on.

Private-Label Brands

Private-label brands, also called own brands, or store brands, exist among retailers that possess a particularly strong identity (such as Save-A-Lot). Private labels may denote superior, “select” quality, or lower cost for a quality product.

Media Brands

Media brands include newspapers, magazines, and television channels such as CNN.

E-Brands

E-brands exist only in the virtual world. Many e-brands, such as Amazon.com, have a central focus on providing an online front end for delivering physical products or services. Others provide information and intangible services to benefit consumers. Typically a common denominator among e-brands is the focus on delivering a valued service or experience in the virtual environment.

3.4 BRAND CHALLENGES AND OPPORTUNITIES

3.5 SUMMARY

Strong brands help the organizations connect with the customers and elicit a differential response from them. Brands, if managed well, add value to a product. Value as perceived by customers is important as it impacts the customer’s evaluation of the brand. This highlights the fact that it is an intrapersonal construct and an understanding of how customers perceive the brand is important.

3.6 GLOSSARY

1. Brand associations – The various cues/factors that connect the customers to the brand.

3.7 SELF-ASSESSMENT QUESTIONS

1. Discuss the various levels of brand loyalty. What are the implications (if any) of these levels for the marketers?
2. Enumerate different types of brands

3.8 LESSON END EXERCISES

1. Explain in detail the brand challenges and opportunities

3.9 SUGGESTED READINGS

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.
2. Interbrand, Brand Valuation, March 2003, p3

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BRAND MANAGEMENT : WHAT IS A BRAND–BRAND DEVELOPMENT-EXTENSION, REJUVENATION, RELAUNCH

LESSON STRUCTURE

4.1 INTRODUCTION

Increased global competition and stagnant market conditions have added to the woes of organizations and driven home the need to build strong brands. To be strong, brands must be perceived to have a distinct and favourable identity by the customers. A favourable perception of a brand by the target market is found to be strongly associated with brand choices and market shares and in turn with profitability.

4.3 OBJECTIVE

1. To understand about brand development

4.3 BRAND MANAGEMENT : WHAT IS A BRAND

Brand management begins with having a thorough knowledge of the term "brand". It includes developing a promise, making that promise and maintaining it. It means defining the brand, positioning the brand, and delivering the brand. Brand management is nothing but an art of creating and sustaining the brand. Branding makes customers committed to your business. A strong brand differentiates your products from the competitors. It gives a quality image to your business.

Brand management includes managing the tangible and intangible characteristics of brand. In case of product brands, the tangibles include the product itself, price, packaging, etc. While in case of service brands, the tangibles include the customers' experience. The intangibles include emotional connections with the product / service.

Branding is assembling of various marketing mix medium into a whole so as to give you an identity. It is nothing but capturing your customers mind with your brand name. It gives an image of an experienced, huge and reliable business.

It is all about capturing the niche market for your product / service and about creating a confidence in the current and prospective customers' minds that you are the unique solution to their problem.

The aim of branding is to convey brand message vividly, create customer loyalty, persuade the buyer for the product, and establish an emotional connectivity with the customers. Branding forms customer perceptions about the product. It should raise customer expectations about the product. The primary aim of branding is to create differentiation.

Strong brands reduce customers' perceived monetary, social and safety risks in buying goods/services. The customers can better imagine the intangible goods with the help of brand name. Strong brand organizations have a high market share. The brand should be given good support so that it can sustain itself in long run. It is essential to manage all brands and build brand equity over a period of time. Here comes importance and usefulness of brand management. Brand management helps in building a corporate image. A brand manager has to oversee overall brand performance. A successful brand can only be created if the brand management system is competent.

Understanding Brand - What is a Brand ?

Brands are different from products in a way that brands are "what the consumers buy", while products are "what concern/companies make". Brand is an accumulation of emotional and functional associations. Brand is a promise that the product will perform as per customer's expectations. It shapes customer's expectations about the product. Brands usually have a trademark which protects them from use by others. A brand gives particular information about the organization, good or service, differentiating it from others in marketplace. Brand carries an assurance about the characteristics that make the product or service unique. A strong brand is a means of making people aware of what the company represents and what are it's offerings.

To a consumer, brand means and signifies :

- Source of product
- Delegating responsibility to the manufacturer of product
- Lower risk
- Less search cost
- Quality symbol
- Deal or pact with the product manufacturer
- Symbolic device

Brands simplify consumers purchase decision. Over a period of time, consumers discover the brands which satisfy their need. If the consumers recognize a particular brand and have knowledge about it, they make quick purchase decision and save lot of time. Also, they save search costs for product. Consumers remain committed and loyal to a brand as long as they believe and have an implicit understanding that the brand will continue meeting their expectations and perform in the desired manner consistently. As long as the consumers get benefits and satisfaction from consumption of the product, they will more likely continue to buy that brand. Brands also play a crucial role in signifying certain product features to consumers.

To a seller, brand means and signifies :

- Basis of competitive advantage
- Way of bestowing products with unique associations
- Way of identification to easy handling
- Way of legal protection of products' unique traits/features
- Sign of quality to satisfied customer
- Means of financial returns

A brand, in short, can be defined as a seller's promise to provide consistently a unique set of characteristics, advantages, and services to the buyers/consumers. It is a name, term, sign, symbol or a combination of all these planned to differentiate the goods/services of one seller or group of sellers from those of competitors. **Some examples of well known brands are Mc Donald's', Mercedes-Benz, Sony, Coca Cola, Kingfisher, etc.**

A brand connects the four crucial elements of an enterprise- customers, employees, management and shareholders. Brand is nothing but an assortment of memories in customers mind. Brand represents values, ideas and even personality. It is a set of functional, emotional and rational associations and benefits which have occupied target market's mind. Associations are nothing but the images and symbols associated with the brand or brand benefits, such as, The Nike Swoosh, The Nokia sound, etc. Benefits are the basis for purchase decision.

Brand name is one of the brand elements which helps the customers to identify and differentiate one product from another. It should be chosen very carefully as it captures the key theme of a product in an efficient and economical manner. It can easily be noticed and its meaning can be stored and triggered in the memory instantly. Choice of a brand name requires a lot of research. Brand names are not necessarily associated with the product. For instance, brand names can be based on places (Air India, British Airways), animals or birds (Dove soap, Puma), people

(Louise Phillips, Allen Solly). In some instances, the company name is used for all products (General Electric, LG).

Features of a Good Brand Name

A good brand name should have following characteristics :

1. It should be unique / distinctive (for instance- Kodak, Mustang)
2. It should be extendable.
3. It should be easy to pronounce, identified and memorized. (For instance- Tide)
4. It should give an idea about product's qualities and benefits (For instance- Swift, Quickfix, Lipguard).
5. It should be easily convertible into foreign languages.
6. It should be capable of legal protection and registration.
7. It should suggest product/service category (For instance Newsweek).
8. It should indicate concrete qualities (For instance Firebird).
9. It should not portray bad/wrong meanings in other categories. (For instance NOVA is a poor name for a car to be sold in Spanish country, because in Spanish it means "doesn't go").

Process of Selecting a renowned and successful Brand Name

1. Define the objectives of branding in terms of six criterions - descriptive, suggestive, compound, classical, arbitrary and fanciful. It is essential to recognize the role of brand within the corporate branding strategy and the relation of brand to other brand and products. It is also essential to understand the role of brand within entire marketing program as well as a detailed description of niche market must be considered.
2. Generation of multiple names - Any potential source of names can be used; organization, management and employees, current or potential customers, agencies and professional consultants.

3. Screening of names on the basis of branding objectives and marketing considerations so as to have a more synchronized list - The brand names must not have connotations, should be easily pronounceable, should meet the legal requirements etc.

4. Gathering more extensive details on each of the finalized names - There should be extensive international legal search done. These searches are at times done on a sequential basis because of the expense involved.

5. Conducting consumer research - Consumer research is often conducted so as to confirm management expectations as to the remembrance and meaningfulness of the brand names. The features of the product, its price and promotion may be shown to the consumers so that they understand the purpose of the brand name and the manner in which it will be used. Consumers can be shown actual 3-D packages as well as animated advertising or boards. Several samples of consumers must be surveyed depending on the niche market involved.

6. On the basis of the above steps, management can finalize the brand name that maximizes the organization's branding and marketing objectives and then formally register the brand name.

4.3.1 BRAND DEVELOPMENT

Brand Extension is the use of an established brand name in new product categories. This new category to which the brand is extended can be related or unrelated to the existing product categories. A renowned/successful brand helps an organization to launch products in new categories more easily. For instance, Nike's brand core product is shoes. But it is now extended to sunglasses, soccer balls, basketballs, and golf equipments. An existing brand that gives rise to a brand extension is referred to as **parent brand**. If the customers of the new business have values and aspirations synchronizing/matching those of the core business, and if these values and aspirations are embodied in the brand, it is likely to be accepted by customers in the new business.

Extending a brand outside its core product category can be beneficial in a sense that it helps evaluating product category opportunities, identifies resource requirements, lowers risk, and measures brand's relevance and appeal.

Brand extension may be successful or unsuccessful.

Instances where brand extension has been a success are-

i. **Wipro** which was originally into computers has extended into shampoo, powder, and soap.

ii. **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-

i. 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.

ii. 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.

Advantages of Brand Extension

Brand Extension has following advantages :

1. It makes **acceptance of new product easy.**
    a. It increases brand image.
    b. The risk perceived by the customers reduces.

c. The likelihood of gaining distribution and trial increases. An established brand name increases consumer interest and willingness to try new product having the established brand name.

d. The efficiency of promotional expenditure increases. Advertising, selling and promotional costs are reduced. There are economies of scale as advertising for core brand and its extension reinforces each other.

e. Cost of developing new brand is saved.

f. Consumers can now seek for a variety.

g. There are packaging and labeling efficiencies.

h. The expense of introductory and follow up marketing programs is reduced.

2. There are **feedback benefits** to the parent brand and the organization.

   a. The image of parent brand is enhanced.

   b. It revives the brand.

   c. It allows subsequent extension.

   d. Brand meaning is clarified.

   e. It increases market coverage as it brings new customers into brand franchise.

   f. Customers associate original/core brand to new product, hence they also have quality associations.

Disadvantages of Brand Extension

1. Brand extension in unrelated markets may lead to **loss of reliability** if a brand name is extended too far. An organization must research the product categories in which the established brand name will work.

2. There is a risk that the new product may generate implications that **damage the image** of the core/original brand.

3. There are chances of **less awareness** and trial because the management may not provide enough investment for the introduction of new product assuming that the spin-off effects from the original brand name will compensate.

4. If the brand extensions have no advantage over competitive brands in the new category, then it will **fail.**

Brand Rejuvenation :

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 ongoing brands appearing as; 'new', 'super', 'special' 'premium,' deluxe, 'extra strong' and 'fresh',. They appear in new shapes, new pack sizes, new containers, new colors and flavors. 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 bar received a fill up through a new creamier and smoother version.

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.

Some companies are constantly playing the rejuvenation game. Cadburys, Procter & Gamble and Hindustan Lever are examples of companies which believe in giving their products the occasional facelift through rejuvenation. They have a strong R&D base and are constantly striving to improve their existing brands. Hindustan Lever tops the list. It keeps updating most of its brands – Surf, Close up, Lux, Rexona, the list in fact is long. Even the 100 year old Lifebuoy got a facelift; it came in new 75 gm 'rural pack' as 'New' Lifebuoy. HLL conducts 15 to 20 rejuvenation programs, spread over its 30 major brands in various product categories every year.

An essential part of the rejuvenation exercise is the promotion campaign surrounding it. Companies launch advertising and sales promotion campaigns to drive home the brand's new arrival.

Example of Hamam :

When HLL look over Hamam from the Tatas in 1994 the brand had a market share of 7 per cent by volume. A major attraction for HLL in acquiring Tomco was Tomco's brands, mainly Hamam. But Hamam at that time was a mere South Indian brand.

HLL wanted to rejuvenate and reposition the brand as a national player.

Hamam's initial positioning : When Tomco launched Hamam in 1931, it was positioned as a men's soap, and was later repositioned as a family soap. The main product attribute that was highlighted in all campaigns was : It is safe on skin. The brand became popular but its popularity was mainly in the four southern states where Hamam became the most preferred brand for the family. It was strongly recommended by the older generation.

HLL studying consumer perceptions towards Hamam : Before revamping Hamam, HLL, with the help of ad agency Clarion conducted a study on consumer perceptions towards Hamam. The study revealed the following :

1. Brand loyalty towards Hamam was under attack. Throughout late 1980s and early 1990s a flux of modern brands had entered.
2. Hamam suffered resistance from the younger generation in particular. They were now seeing a variety of brands – deodorants, medicated ones, freshness-based ones, and with new fragrances and natural ingredients.
3. Hamam has some strong points too. Hamam was still the fourth largest brand in the popular segment. Here was also very high loyalty among the older generation a very intense relationship between the older consumer and the brand-something similar to a mother and child relationship.

Relaunch

The term brand relaunch describes the restart or repositioning of a brand. Its purpose is the brand's strategic re-alignment. A relaunch serves to charge a brand with fresh energy by means of a revised brand strategy. The brand is positioned in the market with more focus and addresses a more specific target group. The relaunch is based on the peak performances of the company and a sustainable positioning. A brand relaunch is necessary particularly when brand attractiveness is declining consistently. This can have serious consequences such as slumping sales figures and shrinking competitiveness. A brand relaunch helps to extend the life cycle of a brand. However, it offers not only opportunities but risks as well. Their effects must be considered. This is why it is enormously important from a brand strategic viewpoint that the brand core and with it the unmistakable identity of a brand takes a central role during the entire relaunch process. A strategically developed positioning is also essential; it has to be credible, attractive, superior, and therefore sustainable. One of the most famous brand success stories is that of Jägermeister. It was known as a traditional brand that was preferred in downhome circles, because Jägermeister kept losing attractiveness, because the brand was not evolving. It was about to become obsolete. After a rejuvenating relaunch, the brand was successfully positioned with younger consumer groups and became established as a cult beverage in the event scene.

Ways in which brands can be relaunched

The first is to keep all elements of the mix the same but reposition the brand in the minds and hearts of customers. Thus, nothing is done to the product, the pricing or the distribution but the communication and the entire repositioning exercise changes the perceived value of the brand. The elements used would be in the area of the communication mix including the packaging. This approach is usually followed when consumers have accepted the product, found it affordable and available but do not want to use it because they feel it does not match their needs or aspirations, keeping the psychographics in mind. Another method to **relaunch** the brand is to change the channel and distribution strategy. Other elements may be working but the distribution channel may be ineffective due to the choice of in-appropriate outlets or even ineffective trade margins and marketing strategy. This can be linked with the sales effort, sales organisation and structure. This happens in cases where the product is accepted, its awareness is high but it is not available. There is, therefore, wastage of advertising money.

In this case, revamping the distribution structure becomes necessary.

The third way to **relaunch** a brand would be to revamp every element of the marketing mix including the brand name, the product ingredients and pricing, and bring it out with a new price and bring it out as a new avatar.

Brand Relauncing is a normal exercise but should be dealt with cautiously. If the brand is doing well because its positioning, distribution and pricing are accepted and it is growing as per the desired objectives, then it is recommended not to tamper with something which is working.

Finally, it is important to say that while brand relauncing is implemented, the main objective should be to bring it to a better level in terms of sales, market share and profit than what its current position reflects.

4.4 SUMMARY

A brand is worth what the consumers think about it, not more, not less. To build strong brands, it is important for the customers to develop positive perceptions about the same. This can be done by highlighting the core brand values the organization wishes to associate with the brand and build consumer perception around the same.

4.5 GLOSSARY

Image Positioning When companies have not changed the product but still want to change the manner in which the customers, perceive them, they go for image repositioning to alter the manner in which they are perceived as an organization.

4.6 SELF-ASSESSMENT QUESTIONS

1. Identify a brand that has been in the marketplace for more than two decades. Critically examine its brand history, identify the areas of strengths and weaknesses and how you might have built the brand differently.

4.7 Lesson End Exercises

1. Choose a brand that you feel is not appropriately positioned. Delineate the reasons for the same.

4.8 SUGGESTED READINGS

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.
2. Interbrand, Brand Valuation, March 2003, p3

4.9 References

1. Keller, K.L.(2004), Strategic Brand Management Building, Measuring and Managing Brand Equity, Prentice-Hall of IndiaPrivate Limited, New Delhi.

PRODUCT VS BRANDS. GOODS AND SERVICES : BRANDS AND ADDED VALUES

LESSON STRUCTURE

5.1 INTRODUCTION

Organizations success in the twenty-first century is defined by 'what' the organizations does (i.e. what products or services it offers) and most importantly 'who' the organization is . This highlights the importance of building a successful brand in highly competitive and market scenario**.**

5.2 OBJECTIVE

1. To understand the difference between product and the brand

5.3 PRODUCT VS BRAND

Brand and Product are two different terms, which are commonly encountered in marketing. These two differ in the sense that a **product** is created by the company while a **brand** is built by the people using them i.e. customers. Moreover, the former can be easily duplicated, whereas the latter is unique, and it cannot be copied. A product passes through a life cycle, but a brand is timeless.

Basis for Comparison	Product	Brand
Meaning	A product is an item which is ready for sale in the market.	A brand is something which distinguishes a product from other products in the market.
What is it?	A product is What you need?	A brand is What you want?
Uniqueness	A product can be easily copied.	A brand has a distinguished identity that cannot be copied.
Created by	Manufacturers	Customers
Can it be replaced?	Yes	No
What they do?	A product performs the functions.	A brand offers value.
Appearance	A product may be tangible or intangible in nature.	A brand is intangible.
Time Horizon	A product can be outdated after some time.	Brand remains forever.

Definition of Product

The product is a good or service or the combination of the two that is made available by the companies in the market for sale to the end consumer. It can be in physical or non-physical form. The producers manufacture a product. The raw materials which are procured from the manufacturers, then they are converted into finished goods, which are offered by them for selling purposes. The cost of production is the investment made by the company in producing a product, and it is sold at a price known as a selling price. The product has its own life years. After the expiry of that period, the product becomes obsolete. In such a case every product needs to be reinvented or regenerated, to attract the target audience. Sometimes, products are relaunched by the companies with some new or exciting features that will be able to grab the attention of more and more customers. Every product is different in itself regarding size, colour, brand name, shape, packaging, features, after sales services and much more. However, the difference in the product is psychological, not physical. These factors are more or less used by the companies to persuade customers to buy their product. **E.g. Handbags, sunglasses, jeans, shoes, belts,** etc.

Definition of Brand

The market is flooded with millions of products, the name, symbol, sign, product, service, logo, person, or any other entity that makes you distinguish a product from a clutter of products, is a Brand. It is something; that helps the customers to identify the product as well as the company behind it. Look it another way, a product that has a name, which we can recall and relate to, is a brand. A Brand can neither be seen nor touched; it can only be felt. The brand is not built in a day; it takes years and years to gain the trust of customers.

A brand is a combination of three things, i.e. promise, wants and emotions. It is a promise made by the company to its customers that what they get after they buy the company's products? It fulfils all the wants of the customers. It is an emotion to which the customers are attached to. The Brand creates an expectation in customers which the promises made by the company under the brand umbrella will be fulfilled by those products they use.

The brand is not just a name but an image in the minds of the customers. The image is associated with reliability, credibility, and quality that gives a sense of satisfaction to the customers. The legal identity of a brand is known as a trademark.

Key Differences Between Product and Brand

The following are the major differences between product and brand **:**

1. The product is an item or service produced and offered by the company for sale in the market. A brand is an entity like the logo, symbol or name used by the companies, to make their products identifiable among other products in the marketplace.

2. A product can be your need, but the brand is something more than that. You can understand it with an example like it is your need to wear outfits and footwear, but it is your want to wear outfits of Gucci and footwear of Nike.

3. Copying a product is easy, but it's hard or says impossible to copy a brand.

4. Companies create products. On the other hand, Brand is created by us i.e. customers; it takes years and years to build a brand loyalty.

5. Products can be replaced by other products because it becomes obsolete over time. In contrast to this, brands are forever.

6. Product performs its general functions, but a brand offers value to the customers.

7. The product is tangible or intangible in nature. However, a brand is intangible it can only be experienced.

Conclusion

At first instance, the two seems same, but if you start searching the differences, then you will come to know their actual meanings. The significant difference between product and brand is that a product is a single entity, but there can be millions of products under a single brand. So, the brand is a wider term than a product. The name of a product among people is just because of the brand.

5.4 GOODS AND SERVICES : BRAND AND ADDED VALUE

Adding value to a product or service helps companies attract more customers, which can boost revenue. Value added is the difference between a product's price and the cost of producing it. Value can be added in different ways, such as adding a brand name to a generic product or assembling a product in an innovative way.

Value Added :

The term "value added" describes the enhancement a company gives its product or service before offering it to customers. It can be considered as an extra special feature added by a company or producer to increase the value of a product or service.

Value added applies to instances when a firm takes a product that may be considered homogeneous—with few differences from that of a competitor, if any—and provides potential customers with a feature or add-on that gives it a greater perception of value. For instance, a company may add a brand name to a generic product or produce something in a way that no one has thought of before.

Adding value to products and services is very important as it provides consumers with an incentive to make purchases, thus increasing a company's revenue.

Understanding Value Added

Value added is the difference between the price of product or service and the cost of producing it. The price is determined by what customers are willing to pay based on their perceived value. Value is added or created in different ways.

A value addition can increase either the product's price or value. For example, offering one year of free support on a new computer would be a value added feature. Individuals can also add value to services they perform, such as bringing advanced skills into the workforce.

Consumers now have access to a whole range of products and services when they want them. As a result, companies constantly struggle to find competitive advantages over each other. Discovering what customers truly value is crucial for what the company produces, packages, markets, and how it delivers its products.

Bose Corporation has successfully shifted its focus from producing speakers to delivering a sound experience. When a BMW rolls off the assembly line, it sells for a much higher premium over the cost of production because of its reputation for stellar performance and sturdy mechanics. The value added has been created through the brand and years of refinement.

Value Added in the Economy

The contribution of a private industry or government sector to overall gross domestic product (GDP) is the value added of an industry, also referred to as GDP-by-industry. If all stages of production occurred within a country's borders, the total value added at all stages is what is counted in GDP. The total value added is the market price of the final product or service and only counts production within a specified time period. This is the basis on which value-added tax (VAT) is computed, a system of taxation that's prevalent in Europe.

Economists can determine how much value an industry contributes to a nation's GDP. Value added in an industry refers to the difference between the total revenue of an industry and the total cost of inputs—the sum of labor, materials, and services—purchased from other businesses within a reporting period.

The total revenue or output of an industry consists of sales and other operating income, commodity taxes, and inventory change. Inputs that could be purchased from other firms to produce a final product include raw materials, semi-finished goods, energy, and services.

Value Added in Marketing

Companies that build strong brands increase value just by adding their logo to a product. Nike can sell shoes at a much higher price than some of its competitors, even though their production costs may be similar. That's because the Nike brand and its logo, which appears on the uniforms of the top college and professional sports teams, represents a quality enjoyed by elite athletes.

Similarly, luxury car buyers from BMW and Mercedes-Benz are willing to pay a premium price for their vehicles because of the brand reputation and ongoing maintenance programs the companies offer.

Amazon has been a force in the e-retail sector with its automatic refunds for poor service, free shipping, and price guarantees on pre-ordered items. Consumers have become so accustomed to its service that they are willing to pay for Amazon Prime memberships because they value the free two-day turnaround on orders.

5.5 SUMMARY

There are three types of brands : functional brands, image brands and experience brands. Challenges to creating a brand are better informed consumers, the growing number of private labels, and competition from local, national, and global brands, fragmented media and large employee turnover.

5.5 GLOSSARY

Proto brands Early brands that existed since the origin of civilizations. Their brand element were logo, text and colour.

5.6 SELF-ASSESSMENT QUESTIONS

1. Critically discuss the statement, 'There is actually a difference between a product and a brand".

5.7 LESSON END EXERCISES

1. Discuss why an organization needs to build a brand, when it can simply sell its products and reap profits without having to spend on brand building.

5.8 SUGGESTED READINGS

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.

2. Interbrand, Brand Valuation, March 2003, p3

5.9 REFERENCES

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FACTORS SHAPING A BRAND OVER ITS LIFE CYCLE : STRATEGIC BRAND MANAGEMENT PROCESS

LESSON STRUCTURE

6.1 INTRODUCTION

A brand is successful when consumers are convinced that a particular brand is significantly different from the other brands in the same product category. A brand consists of tangible attributes and some intangible benefits. The differences are therefore take the form of either product attributes or of images created around the product.

6.2 OBJECTIVE

1. To understand strategic brand management process
2. To learn about the factors Shaping a Brand over its Life Cycle

6.3 FACTORS SHAPING A BRAND OVER ITS LIFE CYCLE

Every **brand** or product has **its life cycle** which spans from the time it is launched to the time it exits from the market. This **cycle** covers five stages, namely product development, introduction, growth, maturity and decline.

Brand Life Cycle

The three phases through which brands pass as they are introduced, grow, and then decline. The three stages of the brand life cycle are the introductory period, during which the brand is developed and is introduced to the market; the growth period, when the brand faces competition from other products of a similar nature; and, finally, the maturity period, in which the brand either extends to other products or its image is constantly updated. Without careful brand management, the maturity period can lead to decline and result in the brand being withdrawn. Similar stages can be observed in the product life cycle.

Brand Life Cycle and Strategy

Generally speaking, every brand or product has its life cycle which spans from the time it is launched to the time it exits from the market. This cycle covers five stages, namely product development, introduction, growth, maturity and decline. The life cycle of each and every brand or product is different, and different advertising strategies should be adopted at different stages to suit the marketing targets and market environment in order to achieve the best marketing results.

Product Development — Technically, the development stage is the "incubation stage" of a brand's product life cycle, according to the article titled "The Product Life Cycle" at netmba.com. The development stage is where the product concept is conceived, developed, branded and even tested before being introduced to the market. A lot of capital typically goes into the development stage, including product and advertising costs. It is certainly conceivable that a poor concept idea or the lack of capital could end the life of a brand before it is introduced.

Introduction -Brands and their product life cycle actually commence in the public's eye during the introduction stage. During the introduction stage, companies heavily advertise their brands and products; and execute trade show and in-store promotions for potential wholesale and retail customers, respectively. Company advertising is mainly focused on building brand awareness. Companies usually price their brands relatively high during the introduction stage to recoup some of their development costs. Competition is low or non-existent during this stage. Thus, a successful brand concept will usually elicit heavy sales and propel the brand toward the growth stage.

Growth - Brands enter the growth stage of the product life cycle when sales start growing exponentially. Brand managers may increase distribution during the growth stage to further enhance sales, according to netmba.com. A company may also improve the quality of their product brands, adding various flavors or features. Because of the success of one or more companies, more competitors will enter the market with their own brands. Consequently, some competitors may try to lower prices to gain marketing share.

Maturity - Because of increased competition, a company's brands will eventually reach the maturity stage of the product life cycle. During this stage, competition for market share may be fierce. New competitors will often have trouble successfully entering the market as market potential is limited. A company will often need to differentiate the brand of products toward a specific segment. For example, the company that first entered the market may focus on being the quality leader. The company may keep prices relatively higher to maintain its premium image. The target market may include older users with a higher household income.

Decline - The decline stage is where sales start to fall for a company's product brands. At this point, it is still possible to extend the life of the product by finding new markets for the brand like international markets; or even finding additional uses by repositioning the brand. For example, a small detergent manufacturer may extend the life of the brand by selling to emerging markets, such as India. The company could also potentially extend the life of the brand by marketing the detergent in car washes, hotels, schools and even hospitals. Ultimately, a brand may need to be sold or gradually discontinued if it is no longer profitable.

6.4 STRATEGIC BRAND MANAGEMENT PROCESS

The process of strategic brand management basically involves 4 steps :

1. Identifying and establishing brand positioning.

Brand Positioning is defined as the act of designing the company's offer and image so that it occupies a distinct and valued place in the target consumer's mind.

Key Concepts :

Points of difference : convinces consumers about the advantages and differences over the competitors

Mental Map : visual depiction of the various associations linked to the brand in the minds of the consumers

Core Brand Associations : subset of associations i.e. both benefits and attributes which best characterize the brand.

Brand Mantra : that is the brand essence or the core brand promise also known as the Brand DNA.

2. Planning and Implementation of Brand Marketing Programs.

Key Concepts :

Choosing Brand Elements : Different brand elements here are logos, images, packaging, symbols, slogans, etc. Since different elements have different advantages, marketers prefer to use different subsets and combinations of these elements.

Integrating the Brand into Marketing Activities and the Support Marketing Program : Marketing programs and activities make the biggest contributions and can create strong, favorable, and unique brand associations in a variety of ways.

Leveraging Secondary Associations : Brands may be linked to certain source factors such as countries, characters, sporting or cultural events,etc. In essence, the marketer is borrowing or leveraging some other associations for the brand to create some associations of the brand's own and them to improve it's brand equity.

3. Measuring and Interpreting Brand Performance.

Key Concepts :

Brand Audit : Is assessment of the source of equity of the brand and to suggest ways to improve and leverage it.

Brand Value chain : Helps to better understand the financial impacts of the brand marketing investments and expenditures.

Brand Equity Measurement System : Is a set of tools and procedures using which marketers can take tactical decision in the short and long run.

5. Growing and Sustaining Brand Equity.

Key Concepts :

Defining the brand strategy : Captures the branding relationship between the various products /services offered by the firm using the tools of brand-product matrix, brand hierarchy and brand portfolio

Managing Brand Equity over time : Requires taking a long -term view as well as a short term view of marketing decisions as they will affect the success of future marketing programs.

Managing Brand Equity over Geographic boundaries, Market segments and Cultures : Marketers need to take into account international factors, different types of consumers and the specific knowledge about the experience and behaviors of the new geographies or market segments when expanding the brand overseas or into new market segments.

6.5 SUMMARY

The customers' understanding of the brand in terms of positioning, personality, and brand image is then studied and the performance of the brand is measured both in financial and customer based terms. A successful brand so created can then offer opportunities to the organization in terms of extension and stretching strategies and hence brand architecture is important for the successful management of different brands.

6.6 Glossary

Brand essence It is the brand identity that is meant to energize the internal audience of the organization.

6.7 Self-Assessment Questions

1. Discuss how an organization can undertake strategic analysis for the identification of brand opportunities.

6.8 Lesson End Exercises

1. Discuss the strategic brand building process.

6.9 Suggested Readings

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.

2. Interbrand, Brand Valuation, March 2003, p3

6.10 References

1. Keller, K.L.(2004), Strategic Brand Management Building, Measuring and Managing Brand Equity, Prentice-Hall of India Private Limited, New Delhi.

BRAND EQUITY : CUSTOMER-BASED BRAND EQUITY : CONCEPT OF BRAND EQUITY

LESSON STRUCTURE

7.1 INTRODUCTION

Building brands is an important aspect of marketing for the long term sustenance of a firm. A brand name not only imparts recognition to a product class, products of different firms can have different meanings for consumers. Thus, in the same product class, the product of one firm can mean quality, of another, value for money, yet another company's products can mean fun and good times, etc.

7.2 OBJECTIVES

1. To have an in-depth understanding of Brand Equity

7.3 BRAND EQUITY

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 revenue simply from brand recognition (that is 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. Brand equity refers to the value of a brand.

In the research literature, brand equity has been studied from two different perspectives : cognitive psychology and information economics. According to cognitive psychology, brand equity lies in consumer's awareness of brand features and associations, which drive attribute perceptions. According to information economics, a strong brand name works as a credible signal of product quality for imperfectly informed buyers and generates price premiums as a form of return to branding investments. It has been empirically demonstrated that brand equity plays an important role in the determination of price structure and, in particular, firms are able to charge price premiums that derive from brand equity after controlling for observed product differentiation.

While most brand equity research has taken place in consumer markets, the concept of brand equity is also important for understanding competitive dynamics and price structures of business-to-business markets. In industrial markets competition is often based on differences in product performance. It has been suggested however that firms may charge premiums that cannot be solely explained in terms of technological superiority and performance-related advantages. Such price premiums reflect the brand equity of reputable manufacturers. Three brand equity drivers were selected by researchers from numerous factors that have impact on a brand : brand awareness, brand perspective, and brand attachment. Brand equity is strategically crucial, but famously difficult to quantify. Many experts have developed tools to analyse this asset, but there is no agreed way to measure it. As one of the serial challenges that marketing professionals and academics find with the concept of brand equity, the disconnect between quantitative and qualitative equity values is difficult to reconcile. Quantitative brand equity includes numerical values such as profit margins and market share, but fails to capture qualitative elements such as prestige and associations of interest. Overall, most marketing practitioners take a more qualitative approach to brand equity because of this challenge. In a survey of nearly 200 senior marketing managers, only 26 percent responded that they found the “brand equity” metric very useful.

Some marketing researchers have concluded that brands are one of the most valuable assets a company has, as brand equity is one of the factors which can increase the financial value of a brand to the brand owner, although not the only one. Elements that can be included in the valuation of brand equity include (but not limited to) : changing market share, profit margins, consumer recognition of logos and other visual elements, brand language associations made by consumers, consumers’ perceptions of quality and other relevant brand values.

Consumers’ knowledge about a brand also governs how manufacturers and advertisers market the brand. Brand equity is created through strategic investments in communication channels and market education and appreciates through economic growth in profit margins, market share, prestige value, and critical associations. Generally, these strategic investments appreciate over time to deliver a return on investment. This is directly related to marketing ROI. Brand equity can also appreciate without strategic direction. A Stockholm University study in 2011 documents the case of Jerusalem’s city brand. The city organically developed a brand, which experienced tremendous brand equity appreciation over the course of centuries through non-strategic activities. A booming tourism industry in Jerusalem has been the most evident indicator of a strong ROI

Purpose

The purpose of brand equity metrics is to measure the value of a brand. A brand encompasses the name, logo, image, and perceptions that identify a product, service, or provider in the minds of customers. It takes shape in advertising, packaging, and other marketing communications, and becomes a focus of the relationship with consumers. In time, a brand comes to embody a promise about the goods it identifies—a promise about quality, performance, or other dimensions of value, which can influence consumers' choices among competing products. When consumers trust a brand and find it relevant, they may select the offerings associated with that brand over those of competitors, even at a premium price. When a brand's promise extends beyond a particular product, its owner may leverage it to enter new markets. For all these reasons, a brand can hold tremendous value, which is known as *brand equity*.

Social media has changed the traditional communication between brands and consumers and enabled consumer to make positive as well as negative influence on brand equity.

Brand Equity is best managed with the development of Brand Equity Goals, which are then used to track progress and performance.

There are many ways to measure a brand. Some measurements approaches are at the firm level, some at the product level and still others are at the consumer level.

Firm Level : Firm level approaches measure the brand as a financial asset. In short, a calculation is made regarding how much the brand is worth as an intangible asset. For example, if you were to take the value of the firm, as derived by its market capitalization—and then subtract tangible assets and "measurable" intangible assets—the residual would be the brand equity. One high-profile firm level approach is by the consulting firm Interbrand. To do its calculation, Interbrand estimates brand value on the basis of projected profits discounted to a present value. The discount rate is a subjective rate determined by Interbrand and Wall Street equity specialists and reflects the risk profile, market leadership, stability and global reach of the brand. Brand valuation modeling is closely related to brand equity, and a number of models and approaches have been developed by different consultancies. Brand valuation models typically combine a brand equity measure (e.g. : the proportion of sales contributed by "brand") with commercial metrics such as margin or economic profit.

Product Level : The classic product level brand measurement example is to compare the price of a no-name or private label product to an "equivalent" branded product. The difference in price, assuming all things equal, is due to the brand. More recently a revenue premium approach has been advocated. Marketing mix modelling can isolate "base" and "incremental" sales, and it is sometimes argued that base sales approximate to a measure of brand equity. More sophisticated marketing mix models have a floating base that can capture changes in underlying brand equity for a product over time.

Consumer Level : This approach seeks to map the mind of the consumer to find out what associations with the brand the consumer has. This approach seeks to measure the awareness (recall and recognition) and brand image (the overall associations that the brand has). Free association tests and projective techniques are commonly used to uncover the tangible and intangible attributes, attitudes, and intentions about a brand. Brands with high levels of awareness and strong, favorable and unique associations are high equity brands.

All of these calculations are, at best, approximations. A more complete understanding of the brand can occur if multiple measures are used.

Customer-Based Brand Equity

Market researchers are sometimes overly fond of charts, models, and graphs– but for good reason. Charts break down some of the complexities of marketing data so they're easier to explain to and apply to businesses.

Take **customer-based brand equity**, for example : It's a mouthful, but it actually depicts just how powerful a customer's attitude toward a brand can be to that brand's success. Usually designed as a pyramid, customer-based brand equity shows businesses how to lay the foundation that creates a positive attitude toward a brand, and how to capitalize on attitudes and loyalties of their customers.

Keller's Model

The most common model for customer-based brand equity is the one created by marketing professor Kevin Lane Keller in his book, *Strategic Brand Management.* Keller puts the model in a four-level pyramid, with the middle two layers being divided equally between two factors.

Level One : Salience

Salience could be more accurately described using the question, "Who are we?" It looks at the brand from the customer point of view and wonders what words buyers associate when they hear a specific brand name. In short, it quantifies both the depth and the breadth of customer awareness of a brand.

Level Two : Performance and Imagery

Breaking the second level into two categories allows a business to better consider brand reputation. Performance encompasses factors such as customer service and satisfaction with a product. It also calls product functionality into question, with reliability, durability, and price as factors for customer opinion.

Imagery is slightly different (but no less important) in creating meaning behind a brand. Imagery revolves around how customers' needs are met both socially and psychologically. While this can occur with customer interactions with the product, imagery can also be the work of targeted marketing and word-of-mouth.

Level Three : Judgement and Feelings

The third level of Keller's model–judgement and feelings–are so closely related that it's difficult to separate the two. In fact, the third level might be more accurately broken into four categories :

- Either actual or perceived.
- Created through a customer's measure of trust for a brand and its products.
- A judgement based on the relevancy of a product to each individual's circumstances.
- Customers deciding where one brand falls in comparison to another.

Judgement and feelings take into account personal opinions to decipher how customers think and feel about a brand–whether it's based on actual interaction or perceived reputation.

Level Four : Resonance

The likelihood that a customer remains loyal to one brand is considered the pinnacle of Keller's model. To become loyal customers, buyers assess their relationship and interactions with a brand to decide that it is superior to other brands. Many factors go into creating resonance with customers, including price, products, customer service, and previous experience with the brand. A good measure for this can be used with the Net Promoter Score system.

Building customer-based brand equity doesn't happen overnight, which is why Keller's model is so succinct. By starting at the bottom and letting customers get to know your business little by little, you create a trustworthy, likeable, and ultimately successful brand.

7.3 SUMMARY

Building strong brands has number of advantages as far as market share, consumer response and the financial activities of the firm are concerned. The brand resonance pyramid discusses how strong brands can be built by following the four levels of brand identity, brand meaning, brand response leading to brand relationship.

7.4 GLOSSARY

Co-Branding It is the building of a brand with an existing brand of the same organization (i.e parent brand) or the existing brand of another organization to leverage the brand.

7.5 SELF-ASSESSMENT QUESTIONS

1. Critically evaluate the importance or brand Equity.
2. How can organizations build strong brands?

7.7 LESSON END EXERCISES

1. Visit the websites of LG and Samsung. Discuss how they have been building brand communities online. Compare and contrast the two.

7.8 Suggested Readings

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.
2. Interbrand, Brand Valuation, March 2003, p3.

7.9 References

1. Keller, K.L.(2004), Strategic Brand Management Building, Measuring and Managing Brand Equity, Prentice-Hall of India Private Limited, New Delhi.

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SOURCES OF BRAND EQUITY, BENEFITS OF BRAND EQUITY

LESSON STRUCTURE

8.1 INTRODUCTION

Brand equity is the commercial value that derives from consumer perception of the brand name of a particular product or service, rather than from the product or service itself. **Brand equity** 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.

8.2 OBJECTIVE

1. To study the sources and benefits of brand equity

8.3 SOURCES OF BRAND EQUITY

There are two techniques of Capturing mind set :

- Quantitative Technique.
- Qualitative Technique

Qualitative Research Techniques :

Qualitative research techniques are often employed to identify possible brand associations and sources of brand equity. Qualitative research techniques are relatively unstructured measurement approaches whereby a range of possible consumer responses are permitted. Because of the freedom afforded both researchers in their probes and consumers in their responses, qualitative research can often be a useful "first step" in exploring consumer brand and product perceptions. Consider the following three qualitative research techniques that can be employed to identify sources of brand equity.

1. Free Association

The simplest and often most powerful way to profile brand associations involves free association tasks whereby subjects are asked what comes to mind when they think of the brand without any more specific probe or cue than perhaps the associated product category (e.g., "What does the Rolex name mean to you?" or "Tell me what comes to mind when you think of Rolex watches."). Answers to these questions help marketers to clarify the range of possible associations and assemble a brand profile.

2. Projective Techniques

Uncovering the sources of brand equity requires that consumers' brand knowledge structures be profiled as accurately and completely as possible. Projective techniques are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters. The idea behind projective techniques is that consumers are presented with an incomplete stimulus and asked to complete it or given an ambiguous stimulus that may not make sense in and of itself and are asked to make sense of it. In doing so, the argument is that consumers will reveal some of their true beliefs and feelings. Thus, projective techniques can be especially useful when deeply rooted personal motivations or personally or socially sensitive subject matters may be operating. Projective techniques often provide useful insights that help to assemble a more complete picture of consumers and their relationships with brands.

3. Brand Personality and Relationships

Another useful set of measures to assemble the brand profile is brand personality. Brand personality is the human characteristics or traits that can be attributed to a brand. Brand personality can be measured in different ways. Perhaps the simplest and most direct way is to solicit open-ended responses to a probe such as : "If the brand were to come alive as a person, what would it be like, what would it do, where would it live, what would it wear, who would it talk to if it went to a party (and what would it talk about)." Other means are possible to capture consumers' point of view. For example, consumers could be given a variety of pictures or a stack of magazines and asked to assemble a profile of the brand. These pictures could be of celebrities or anything else. Along these lines, ad agencies often conduct "picture sorting" studies to clarify who are typical users of a brand. In terms of measuring brand image, the Zaltman Metaphor Elicitation Technique (ZMET) requires study participants to take photographs and/or collect pictures (from magazines, books, newspapers or other sources) and use these visuals to indicate what the brand means to them in various ways.

4. Ethnographic and Observational Approaches

Fresh data can be gathered by directly observing relevant actors and settings. Consumers can be unobtrusively observed as they shop or as they consume products to capture every nuance of their behavior. Marketers such as Procter & Gamble seek consumers' permission to spend time with them in their homes to see how they actually use and experience products.

Quantitative Research Techniques

Although qualitative measures are useful to identify and characterize the range of possible associations to a brand, a more quantitative portrait of the brand often is also desirable to permit more confident and defensible strategic and tactical recommendations. Whereas qualitative research typically elicits some type of verbal responses from consumers, quantitative research typically employs various types of scale questions so that numerical representations and summaries can be made. Quantitative measures are often the primary ingredient in tracking studies that monitor brand knowledge structures of consumers over time.

1. Awareness

Brand awareness is related to the strength of the brand in memory, as reflected by consumers' ability to identify various brand elements (i.e., the brand name, logo, symbol, character, packaging, and slogan) under different conditions. Brand awareness relates to the likelihood that a brand will come to mind and the ease with which it does so given different type of cues.

2. Recognition

In the abstract, recognition processes require that consumers be able to discriminate a stimulus — a word, object, image, etc. — as something they have previously seen. Brand recognition relates to consumers' ability to identify the brand under a variety of circumstances and can involve identification of any of the brand elements. The most basic type of recognition procedures gives consumers a set of single items visually or orally and asks them if they thought that they had previously seen or heard these items.

3. Recall

Brand recall relates to consumers' ability to identify the brand under a variety of circumstances. With brand recall, consumers must retrieve the actual brand element from memory when given some related probe or cue. Thus, brand recall is a more demanding memory task than brand recognition because consumers are not just given a brand element and asked to identify or discriminate it as one they had or had not already seen. Different measures of brand recall are possible depending on the type of cues provided to consumers.

4. Image

Brand awareness is an important first step in building brand equity, but usually not sufficient. For most customers in most situations, other considerations, such as the meaning or image of the brand, also come into play. One vitally important aspect of the brand is its image, as reflected by the associations that consumers hold toward the brand. Brand associations come in many different forms and can be classified along many different dimensions.

8.4 BENEFITS OF BRAND EQUITY

While brand equity is largely intangible, its advantages are not. The value that a strong brand identity can bring to your company translates to very real and measurable business benefits. Among them :

1. Increased margins. Let's get to the bottom line first : Positive brand equity allows you to charge more for your product or service, because people will be willing to pay a premium for your name – just as they pay a premium for jewellery that comes in a little blue box or electronic equipment with an apple on top. Is the quality of those products significantly superior to competitors' offerings? Maybe, maybe not. But the perception is that it is. , When customers are willing to pay extra for a name they trust and/or value, your profit margins will boost.

2. Customer loyalty. Customers are not only willing to pay more for a product with strong brand equity; they're also willing to stay loyal to a company over many years, while, routinely coming back to buy the product. In fact, some companies have built such strong brand loyalty that even when they hit a bump in the road – a defective product or a bad customer experience – their customers are willing to stick with them.

3. Expansion opportunities. Positive brand equity can facilitate a company's long-term growth. By leveraging the value of your brand, you can more easily add new products to your line and people will be more willing to try your new product. You can expand into new markets and geographies. People there will recognize your brand, make an instant positive connection, and follow you.

4. Negotiating power. Positive brand equity can give you a considerable advantage in negotiating with vendors, manufacturers and distributors. When suppliers recognize that consumers are enthusiastically seeking and buying products that bear your name, they'll want to work with you. That, will put you in an enviable bargaining position that can lower your cost of goods sold.

5. Competitive advantage. Do you know who won't be happy about your company's strong brand equity? Your competitors. When customers are willing to pay a premium price for your products or service when customers will try your new product sight unseen, just because it has your logo on it when customers in a new market flock to you simply because of the reputation you've built elsewhere…when you can get better pricing from the same vendors your competition is using (and thus undersell your competition)… that can mean very good things for your business and not-so-good things for your competition.

6. Customer recognition. Having a strong brand works to build customer recognition. This means when a customer is shopping for a particular product or considering a company to perform a service, they recognize your company in the running. Consumers are far more likely to choose a brand that they recognize over something unfamiliar, even if they don't know a great deal about your company at the time.

7. Competitive edge in market. Your brand is what differentiates you in the marketplace. When customers recognize and back your brand, it helps lend a competitive edge to your company. The more recognition you receive and the more you build your brand, the more you will find that your brand elevates and is competitive with other well-known brands.

8. Easy introduction of new products. When you already have a strong brand and loyal customers, it is often easier and less expensive to introduce new products or test them out before you further invest in them. If you have a loyal brand following, your customers will often be interested in your new products and even anticipate them being released.

9. Customer loyalty and shared values. The recognition and elevation that a strong brand builds upon all lend to greater customer loyalty. Customers are attracted to brands that they share values with. When you build a strong brand, you need to convey these values to build an emotional connection with customers. Brand loyalty often lasts a lifetime and even transfers to future generations.

10. Enhanced credibility and ease of purchase. Having a strong, well-known brand enhances your credibility with customers, your industry, and the marketplace as a whole. As you build your credibility, you also build recognition, loyalty, and competitiveness. Everything goes hand-in-hand, and you'll find that your credibility has a direct connection to customers ease of purchase. We want to buy from companies we like, know, and trust. If your brand is credible, you're far more likely to get the sale.

8.5 SUMMARY

Measuring brand equity is important for organization as it provides feedback about its brand initiatives. The measured brand equity is a report card of the organization and provides a backdrop for taking necessary action, so that the brand maintains its differentiation and lead in the market. The financial perspective provides monetary value for brand equity and are important for mergers and amalgamations, whereas the customer perspectives provide a sound basis for the strategic and tactical marketing strategies of an organization.

8.6 GLOSSARY

Brand Dominance This s when the chosen brand is associated in the minds of the customers and how it is different from the competing brands in the same product category.

8.7 SELF-ASSESSMENT QUESTIONS

1. Managing brand equity is a difficult task. Comment with suitable examples.

8.8 LESSON END EXERCISES

1. Explain the concept of 'Brand Equity'. Discuss the various techniques for calculating Brand Equity.

8.9 SUGGESTED READINGS

1. Aaker, D.A., *Building Strong Brands*, Free Press, 1996.

2. Interbrand, Brand Valuation, March 2003, p3.

8.10 REFERENCES

1. Keller, K.L.(2004), Strategic Brand Management Building, Measuring and Managing Brand Equity, Prentice-Hall of India Private Limited, New Delhi.

BRAND KNOWLEDGE STRUCTURES, CHOOSING BRAND ELEMENTS TO BUILD EQUITY

LESSON STRUCTURE

9.1 INTRODUCTION

Brand equity is strategically crucial, but famously difficult to quantify. Many experts have developed tools to analyze this asset, but there is no agreed way to measure it. As one of the serial challenges that marketing professionals and academics find with the concept of brand equity, the disconnect between quantitative and qualitative equity values is difficult to reconcile. Quantitative brand equity includes numerical values such as profit margins and market share, but fails to capture qualitative elements such as prestige and associations of interest. Overall, most marketing practitioners take a more qualitative approach to brand equity because of this challenge. In a survey of nearly 200 senior marketing managers, only 26 percent responded that they found the "brand equity" metric very useful.

9.3 OBJECTIVES

The objective of this lesson is :

1. To learn about Brand Knowledge.
2. To learn how to choose Brand elements.

9.3 BRAND KNOWLEDGE

Some marketing researchers have concluded that brands are one of the most valuable assets a company has, as brand equity is one of the factors which can increase the financial value of a brand to the brand owner, although not the only one. Elements that can be included in the valuation of brand equity include (but not limited to) : changing market share, profit margins, consumer recognition of logos and other visual elements, brand language associations made by consumers, consumers' perceptions of quality and other relevant brand values.

Consumers' knowledge about a brand also governs how manufacturers and advertisers market the brand. Brand equity is created through strategic investments in communication channels and market education and appreciates through economic growth in profit margins, market share, prestige value, and critical associations. Generally, these strategic investments appreciate over time to deliver a return on investment.

Choosing Brand Elements to Build Brand Equity

Brand equity is the result of a process which leads to a creation of a unique and distinct brand identity. These brand identifiers are referred to as brand identifiers. Brand identification can be done through various ways; for example, Unique Selling Proposition (USP), Logo, Style, Brand Ambassador, Etc. Brand elements facilitate the process of consumer brain mapping and play a key role in building brand equity. Consumers over period of time are able to identify the brand through brand elements. The idea is to develop brand elements, which can properly communicate about brand and its point of difference from competing brands.

There are various factors, which add to a good brand element.

Brand element should be such that they can have a great recall power; for example, half eaten apple, it steadily identifies with brand Apple. These sort of logo stays in memory for long time. So the brand element should be such that it can be easily recalled. Another factor is significance and application, is brand element conveying either of this two for consumer? Significance here means that brand element should be suitable for that given product category. Consumer should not be left guessing about brand by looking at the element. Another factor for a good brand element is design and appearance, of course it depends on product category company is operating (industrial product v/s consumer products). For example, Apple products I-pod and Mac, design and appearance are such; anyone would be attracted towards them.

Another factor is the **application of brand element**. For example, Virgin, this brand is applicable to airlines as much as to financial services, on other hand, Toys r us, this brand can only be valid to sell toys, games, etc. In this globalize world it is very important to respect diversity and culture. A word or symbol can have various meanings, for example, Swastika symbol is associated with Nazi's movement but in India symbol means luck. So the choice of word or symbol should not be without research. Another factor is flexibility; an openness to change. This flexibility could be in the form of demographic, society, etc., for example, TV ads during the super bowl show Asian, African American, Hispanic drinking beer together, even though football is all American game. The reason been American society has a good mix of people from different race and culture but has a strong passion for the game. Ads15 years never showed this kind of mix of different race and culture. The last important factor is intellectual property rights, brand element should have a legal cover from piracy and copiers in which countries they operate.

The most elementary part of brand element to achieve brand equity is the brand name. For example, in meeting a stranger, a formal introduction starts with name, so that next time you see person again you greet her by name. Similarly brand name can convey much about brand itself, example, Pepsi-cola or common name Pepsi. Brand name is easy to remember and recall making pronunciation easy for non-English speaker. Brand name could also be suggestive into what brand is offering, for example, Kentucky Fried Chicken. The brand name itself is sufficient in conveying that for fried chicken KFC is the brand.

Another elementary part is the **brand slogan** because it can again convey the whole existence of brand. For example, Wal-Mart's slogan is "Save Money Live Better"; it conveys lot about offering at brand stores. But again as time change slogan also have to evolve. Earlier Wal-Mart's slogan was "Always Low Price", but in tough economic times the new slogan is more relevant. Packaging also plays important part as brand element in building brand equity. For example Kellogg's cereals; it's packaging as evolved responding to modern needs (healthy diet) to new technologies.

It can be easily concluded from above the importance of brand element in creation of brand equity. Various elements like brand name, packaging, slogan symbol individually and collectively play important in creating long lasting impression and relation with consumer.

Designing Marketing Programs to Build Brand Equity

At core of building brand equity is marketing programs or strategies. Marketing activities can facilitate in increasing brand awareness as well as in creating the right brand image. Marketing activities can be weaved around product, pricing and distribution channel. But the way these marketing activities are carried out has gone under revolutionary change owing to the modern technological driven world.

Reason why modern world is different can be understood from consumer as well as company's perspective. Today's consumer is well informed about the product or service she is purchasing, reason been digital connectivity through internet, mobile etc. Product reviews are readily available forums or social networking sites, where in consumer can read understand experience of other consumers. Consumer have more access to customized products, there are websites which lets you design your own t-shirts or hoodies. Many of consumer purchase decision are made online; internet along with technology has given convenience to consumer. From companies perspective new technology frontiers has improved the way they understand consumer. Companies maintain large database storing consumption behavior; analyze this database to create consumer expectation matching products and services. Marketing tactics can be implemented by emails, forums on social networking sites etc. Internet retailing has created new supply chain model for companies, which is a challenge as well convince, because traditional distributes and agents have made way to courier services. For example products ordered from Dell are design, assembled in company's warehouse and then sent to customers.

Traditional marketing activities revolve around product, pricing and channel distribution. However, efforts are always on to make sure marketing activities truly reflect brand image and develop strong brand equity. One the marketing concept developed is called experiential marketing. This unique concept is associated with brands and experience consumer has with it. For example American Express, has been sponsor of US open for years, they have created marketing plan especially for their card holders. The card holders are part of daily draws, where winner are eligible to court side seats among many other freebies. Another marketing technique popular among markets is a form of direct marketing. Brands like Amway and Avon have followed this technique for some time now. In this form of marketing focus is on individual consumer and not a large group, their habits are recorded and on that basis other products are suggested. Flora 2000 is online florist who deliver flowers all around the globe, time to time they send reminders of important events like mother's day or valentine day with special deals to consumer, knowing consumer had previously made purchase around that period. Online retailer Amazon uses another marketing technique where they suggest a product to consumer after getting nod from them. Amazon takes permission from consumer before sending recommendation. This permission marketing enables companies to build unique brand image leading to strong brand equity.

Product remains first frontier for consumer to create opinion for brand. Marketing strategy around product is to highlight not only core benefits but also process or easy by which purchase is done there by creating a long term relationship with consumer where periodical information exchange can occur.

Pricing is crucial for brand image. To establish price, product cost should not be the only consideration. But consumer perception for potential product value and sensitivity to price is also of equal importance. Competitor's price also cannot be ignored because price war will not benefit anyone in the market. An effort has to be made to educate the consumer about cost of serving them, for them to understand price of product.

9.4 SUMMARY

Products are sold either through direct marketing channels or indirect marketing channels. These channels also play an important role in building brand equity. Again channel choice is dependent on product. Industrial product preferred way would be direct channel. But there are various factors like product category, customization, price, complexity which play a role in deciding marketing channel.

Marketers have to develop marketing programs keeping in mind above discuss points to build a strong consumer based brand equity.

9.5 GLOSSARY

Marketing activities can facilitate in increasing brand awareness as well as in creating the right brand image.

9.6 SELF ASSESSMENT QUESTIONS

Q1. Explain the concept of Brand Knowledge Structure in detail.

9.7 LESSON END EXERCISES

Q1. What are various factors, which add to a good brand element

9.8 SUGGESTED READINGS

1. The Best Global Brands, Business Week, 6 August 2002

2. Interbrand, Brand Valuation, March 2003, p3

9.9 REFERENCES

1. Foster, R. and Kaplan, S., Creative Destruction : Why Companies that are Built to Last Underperform the Market-And How to Successfully Transform Them, Doubleday, 2001.

BRAND VALUATION : MEASURING SOURCES OF BRAND EQUITY : QUALITATIVE RESEARCH TECHNIQUES, QUANTITATIVE RESEARCH TECHNIQUES

LESSON STRUCTURE

10.1 INTRODUCTION

Branding has emerged as a corporate strategy in the recent times. All business organizations in all sectors have embraced the strategy of building their identity through their corporate brands besides the product related brands. Branding is definitely a marketing strategy. However the strategy of investing into brand building and managing the reputation of the corporate brand goes beyond marketing.

Branding is considered to be a strategy that is driven and managed by the CEO or the organization along with the senior management as well as marketing heads. Over the recent years, we see new concepts of brand value, brand power and brand equity etc. being coined and measured.

If marketing professionals found it difficult to justify and obtain sanctions for the brand promotional activity, today they no longer need to worry. Brand value and expenses towards brand building have become an accepted part of the balance sheet. Capitalizing the brand value and the expenses towards meeting the brand promotion are budgeted and accounted for in the balance sheets and in many cases the ROI of a brand is also calculated to reflect the brand value status over time.

10.2 OBJECTIVES

The objectives of this lesson are :

1. To learn about Brand Valuation.
2. To learn about different techniques of Brand Equity.

10.3 BRAND VALUATION

Marketers have realized the growing power of brands and have begun to nurture the brand image and cultivate value through brand ambassadors. Most of the lifestyle and luxury brands globally and locally have well known actors and sports persons etc as brand ambassadors. Through the persona of the brand ambassadors, the marketers derive the power to connect with the consumers and build brand loyalty. Realizing the brand power also calls for working on the product quality and continuous modification both in the product as well as in the promotion of brand ambassadors. Building and growing strong brand at a global level calls for the entire organization to be brand oriented. The best example of building and realizing strong brand power and unleashing the brand value is Apple. If you think that the entire world outside is an Apple fan, you are right. But the entire organization within also worship their brand too. All of the strategies, decisions as well as day to day business decisions at all levels are directed towards promotion of and strengthening of the apple brand. The entire organization believes in the brand and all business processes are driven to build the brand and deliver superior customer experience through the brand. Apple as a global brand is perhaps the best example of a successful corporate brand.

As much as the corporate strategy has got to account for the branding strategy, the marketing has also to ensure that they work on the different aspects of the brand packaging, design, etc and keep working on the brand so that it is consistent with the changing times, markets, consumer expectations and taste etc.

The brands have their own value. The market leadership and profitability of a certain product or business is realized through the brand value. Growing the brand power and using the brand value as a driver to increase profitability as well as the market calls for expert management of branding. Maintaining the leadership of a brand calls for strategic planning in the long term perspective.

Brands have a certain value in the market as well as in the balance sheets of the organization that owns the brand. This is a matter that has been agreed upon by the industry. **The accounting of the brand value and the methodology for calculation of the brand value is widely debated**. When organizations pay a huge premium or goodwill to acquire a brand, it becomes a strategic decision. However accounting for the premium paid is a matter that is discussed and debated by many in the industry.

No doubt accountants would like to assign a tangible value to every asset owned by the company and brand value paid to acquire a particular brand and the business is also considered to be an asset. One of the systems followed by UK based business organizations is that they capitalize the entire value paid for acquiring the business and the same is depreciated over a period of time.

Interbrand, the branding company has proposed a different method of accounting for the brand value. This method as well as the other methods that are proposed by industry experts take into account the future sales potential of the brand as well as its current market share to arrive at a definitive figure in terms of brand equity or brand power.

Accordingly one of the models followed by the industry accounts for the net profit earned by the brand in the last three consecutive years in terms of value. To this, is added a score that is derived out of measuring certain key factors associated with the brand like brand leadership, market share, trend, loyalty etc. Certain weight age is given to each of the factors and the total score is then converted into a certain value with the help of a multiple that is again derived out of a market study conducted for that particular sector.

Similarly there are several other models and methods that have been proposed by experts in the industry. **All of the models use a combination of qualitative and quantitative factors to arrive at a measurable value in terms of Brand Equity**. Some of the well known models are Brand Equity Index, Consumer Brand Equity Brand Asset by Longman Moran and Leo Burnett, Conversion Model Equity Monitor etc. The factors included in the above vary from Quality of the brand to Customer attitude, perception, market share, price band, durability etc.

A reasonable model to measure brand equity becomes essential not only for the accountants but for the business Organization that is looking out to buy a brand. Valuation of a brand and fixing the right price or premium for the brand needs a proven methodology and model that can guide the decision making. It is also true that one model cannot satisfy the finance and accounts personnel as well as the business managers, for each one's perceptions and purpose of evaluation is different. When brands are key to the growth and business strategy of the Organizations, the decision makers would definitely need proven and strong models to guide them for decision making. Besides the models they would need to analyze the brand equity from many other points of view of product portfolio, growth potential of the brand to see if a particular brand is the right choice for them. If there exists a strategic synergy between the brand and the buyer's business needs, then the brand value is likely to change and the buyer might find that he is required to pay a premium over and above the perceived brand value. At what price does it make sense to acquire the brand is a decision that is critical to the buyer. Brand value models can certainly aid him in this decision making process.

10.3.1 MEASURING SOURCES OF BRAND EQUITY

For any marketers, it is of supreme importance to understand a consumer mind and also current level of brand knowledge among consumers because this understanding lays foundation for formulation of marketing communication strategies. Hypothetically, marketers should be able to construct such mind print; but as this knowledge resides in consumer mind, task become difficult. Marketers should be able to measure how much marketing programs have succeeded in changing customer buying habits. The solution is to develop techniques, which can convert emotional data into qualitative and quantitative data for analysis. A particular attention is required to design measurement system for source of brand equity.

One of the primary measurement system is capturing the response of customer in a basic questionnaire format, where in, they are asked to express feeling with regards to particular feature of brand and overall experience in using a service. Another qualitative research technique looks to capture consumer behavior in understanding her purchase decision. Here question are asked, to understand how the consumer came to purchase decision, what factors they consider, is there a particular time of the year do they make this purchase, etc.

Marketers', profile brand association by asking open end questions, like what first comes to your mind when the brand name is mentioned. Here response from consumer can be a good indicator of individual emotional connection with the brand. Important points to be considered in deploying this free association technique is question design, that is they should start from overall brand image and then moving on to questions with precise reference. Another consequential point to remember here is related with coding of information, as questions are moving from general to very exact.

A drawback using open ended information gathering process is that there could be instance where a consumer may not speak their mind and not disclose a true feeling associated with the purchase decision, for example, they bought brand to get them social status, but they may want to portray as a casual purchase. Furthermore, unfamiliarity with the person could as well prevent consumer from speaking her mind. To counter this problem projective technique is employed where in a situation are shown to consumer, and they are required to fill in details as per their liking. However, this technique is also not foolproof. Another projective technique tries to compare brands with characters or any un-related object or a person and once done, marketers would try and analyze the response.

Quantitative techniques are much prevalent as a research alternative. In quantitative techniques consumer are usually given option to rank a direct question.

Quantitative techniques are used to check brand awareness part of brand knowledge and try to dig deep in understanding consumer perception of the brand. Recognition is essential part of brand awareness, meaning consumer should be able to identify the brand under different circumstances, for example, for a given brand some part of packaging may be shown to consumer and task is to identify that brand and also provide their confidence rating in guess the brand. Another part of brand awareness is brand recall, which means to evoke thoughts of consumer under a possible clue like list brand for portable music players or been specific like what beer brand you would associate as a foreign brand. Other quantitative techniques are developed to understand the brand image, brand response in terms of purchase decision, brand relationship with regards to customer loyalty and long term commitment.

Qualitative and quantitative research techniques are design to understand the source of brand equity from consumer's perspective. Qualitative techniques are used to research and analyze brand association consumer has towards the brand, using techniques like free association, story-telling, etc.; it can bring out true feelings. On another hand quantitative research techniques are used to understand brand awareness in respect to recognition and recall and also through scaling precise measurement for source of brand equity is done.

Sources of brand equity

There are two techniques of Capturing mindset :

- Quantitative Technique.
- Qualitative Technique.

Qualitative Technique.

1. Free Association
2. Projective Techniques
3. Brand Personality and Values
4. Experiential Methods

Quantitative Technique.

1. Awareness
2. Recognition
3. Recall
4. Image

10.4 QUALITATIVE RESEARCH TECHNIQUES

Qualitative research techniques are often employed to identify possible brand associations and sources of brand equity. Qualitative research techniques are relatively unstructured measurement approaches whereby a range of possible consumer responses are permitted. Because of the freedom afforded both researchers in their probes and consumers in their responses, qualitative research can often be a useful "first step" in exploring consumer brand and product perceptions. Consider the following three qualitative research techniques that can be employed to identify sources of brand equity.

1. Free Association

The simplest and often most powerful way to profile brand associations involves free association tasks whereby subjects are asked what comes to mind when they think of the brand without any more specific probe or cue than perhaps the associated product category (e.g., "What does the Rolex name mean to you?" or "Tell me what comes to mind when you think of Rolex watches."). Answers to these questions help marketers to clarify the range of possible associations and assemble a brand profile.

2. Projective Techniques

Uncovering the sources of brand equity requires that consumers' brand knowledge structures be profiled as accurately and completely as possible. Projective techniques are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters. The idea behind projective techniques is that consumers are presented with an incomplete stimulus and asked to complete it or given an ambiguous stimulus that may not make sense in and of itself and are asked to make sense of it. In doing so, the argument is that consumers will reveal some of their true beliefs and feelings. Thus, projective techniques can be especially useful when deeply rooted personal motivations or personally or socially sensitive subject matters may be operating. Projective techniques often provide useful insights that help to assemble a more complete picture of consumers and their relationships with brands.

3. Brand Personality and Relationships

Another useful set of measures to assemble the brand profile is brand personality. Brand personality is the human characteristics or traits that can be attributed to a brand. Brand personality can be measured in different ways. Perhaps the simplest and most direct way is to solicit open-ended responses to a probe such as : "If the brand were to come alive as a person, what would it be like, what would it do, where would it live, what would it wear, who would it talk to if it went to a party (and what would it talk about)." Other means are possible to capture consumers' point of view. For example, consumers could be given a variety of pictures or a stack of magazines and asked to assemble a profile of the brand. These pictures could be of celebrities or anything else. Along these lines, ad agencies often conduct "picture sorting" studies to clarify who are typical users of a brand. In terms of measuring brand image, the Zaltman Metaphor Elicitation Technique (ZMET) requires study participants to take photographs and/or collect pictures (from magazines, books, newspapers or other sources) and use these visuals to indicate what the brand means to them in various ways.

4. Ethnographic and Observational Approaches

Fresh data can be gathered by directly observing relevant actors and settings. Consumers can be unobtrusively observed as they shop or as they consume products to capture every nuance of their behavior. Marketers such as Procter & Gamble seek consumers' permission to spend time with them in their homes to see how they actually use and experience products.

10.5 QUANTITATIVE RESEARCH TECHNIQUES

Although qualitative measures are useful to identify and characterize the range of possible associations to a brand, a more quantitative portrait of the brand often is also desirable to permit more confident and defensible strategic and tactical recommendations. Whereas qualitative research typically elicits some type of verbal responses from consumers, quantitative research typically employs various types of scale questions so that numerical representations and summaries can be made. Quantitative measures are often the primary ingredient in tracking studies that monitor brand knowledge structures of consumers over time.

1. Awareness

Brand awareness is related to the strength of the brand in memory, as reflected by consumers' ability to identify various brand elements (i.e., the brand name, logo, symbol, character, packaging, and slogan) under different conditions. Brand awareness relates to the likelihood that a brand will come to mind and the ease with which it does so given different type of cues.

2. Recognition

In the abstract, recognition processes require that consumers be able to discriminate a stimulus — a word, object, image, etc. — as something they have previously seen. Brand recognition relates to consumers' ability to identify the brand under a variety of circumstances and can involve identification of any of the brand elements. The most basic type of recognition procedures gives consumers a set of single items visually or orally and asks them if they thought that they had previously seen or heard these items.

3. Recall

Brand recall relates to consumers' ability to identify the brand under a variety of circumstances. With brand recall, consumers must retrieve the actual brand element from memory when given some related probe or cue. Thus, brand recall is a more demanding memory task than brand recognition because consumers are not just given a brand element and asked to identify or discriminate it as one they had or had not already seen. Different measures of brand recall are possible depending on the type of cues provided to consumers.

4. Image

Brand awareness is an important first step in building brand equity, but usually not sufficient. For most customers in most situations, other considerations, such as the meaning or image of the brand, also come into play. One vitally important aspect of the brand is its image, as reflected by the associations that consumers hold toward the brand. Brand associations come in many different forms and can be classified along many different dimensions.

10.6 SUMMARY

Brand management has gained prominence in recent times. The fact that we have global brands that have been well established for over fifty years goes on to prove the fact that brands certainly have the power to make or break in the markets. Goodyear, Coco Cola, Gillette, Nestle, Kelloggs, Schweppes, Brooke bond etc have been around for a very long time and have gained certain brand power to drive growth through brand reputation and relationship with the consumers.

10.7 GLOSSARY

Qualitative research techniques are often employed to identify possible brand associations and sources of brand equity.

Quantitative measures are often the primary ingredient in tracking studies that monitor brand knowledge structures of consumers over time.

10.8 SELF ASSESSMENT QUESTIONS

Q1. Explain the nature and significance of Brand Valuation.

Q2. What are the different types of brand valuation methods?

10.9 LESSON END EXERCISES

Q1. List out the advantages and disadvantages of brand valuation methods.

10.10 SUGGESTED READINGS

1. The Best Global Brands, Business Week, 6 August 2002

2. Interbrand, Brand Valuation, March 2003, p3

10.11 REFERENCES

1. Foster, R. and Kaplan, S., Creative Destruction :Why Companies that are Built to Last Underperform the Market-And How to Successfully Transform Them, Doubleday, 2001.

MEASURING OUTCOMES OF BRAND EQUITY

LESSON STRUCTURE

11.1 INTRODUCTION

Marketers have various tools at their disposal to build a strong consumer based brand equity. Through this tool, they have developed many strategically important marketing communication programs. It is important for survival of brand to understand how effective these programs have been. If these programs have been able to induce a positive image and increased brand knowledge among consumer then, it can be concluded that strategy employed is successful. A deliberate effort has to be carried out to measure success of marketing communication programs. This deliberate effort should be in direction of effective and efficient measurement system and also ways to manage these systems.

11.1 OBJECTIVES

The objectives of this lesson are :

1. Recognize the multidimensionality of brand equity and the importance of multiple methods to measure it.
2. Contrast different comparative methods to assess brand equity.
3. Explain the basics of how conjoint analysis works.
4. Review different holistic methods for valuing brand equity.

11.3 MEASURING OUTCOMES OF BRAND EQUITY

There are two types of method employed to measure brand equity at source. These two methods are qualitative research methods and quantitative research methods. Qualitative research methods are ideal for measuring brand association where in consumer perceptions towards brand are captured. Quantitative research methods are perfect to understand brand awareness within consumer.

Both above mention methods are only able to capture and measure one dimension of brand equity at a time. But brand equity is multi-dimensional and therefore it is important to measure each as it will help in taking tactical as well as strategically important decision.

Comparative methods and holistic methods are designed to directly analyze brand equity. Comparative methods tend to analyze effects of consumer perception towards brand in respect to marketing programs, in terms of change in brand awareness. Holistic methods are designed to analyze the total effect of brand equity. These methods will provide necessary tools to measure outcome of brand equity. Consumer bases brand equity will lead to loyal customer base, point of differentiation against competitors get better margins, more acceptances of marketing communication, strong standing in distribution channel and also support any form of brand extension.

Comparative methods are research methods which measure brand equity associated with brand association and high level of brand awareness. Comparative methods are again of different types depending on usage of marketing. Brand based comparative methods looks to measure consumer response against same marketing program for different brands. Marketing based comparative method looks to measure consumer response for same brand under different marketing program. Conjoint comparative method looks to combine both brand based comparative method and marketing based comparative method. Each method has its application and drawbacks.

Brand based comparative method, as mentioned, tries to examine consumer's response to identical marketing response to different brand in the same product category. This could be competitor's brand, any non-existing brand or preferred brand in that category. A classic example of such comparative method is experiment conducted by Larry Percy; in which consumer were ask to map beer taste and preference. In one first instance brand name were disclosed whereas on second instance brand name was not disclosed. Consumer showed more loyalty when brand name was disclosed. Brand based method really isolated true value of brand name and this concept especially holds true when there is a change in marketing program from past efforts.

Marketing based method tries to understand consumer response under different marketing promotions. Here focus is to understand how much influence marketing program has on brand performance. One such experiment would be to understand consumer response at different price levels; this will reveal level of tolerance before consumer switch to another brand. Marketing based method would also be effective in understanding consumer response to similar marketing program across various geographical locations. The main advantage of marketing based method is that it can be applicable to any marketing program. However drawback of this method is that it is difficult to separate whether consumer preference is towards the brand or product category in general, meaning the price premium discovered may applicable to other brand in similar product category also.

Conjoint method allows simultaneously study of brand as well as marketing program. This method also employs statistical calculation making it possible to study many attributes or association at one time. Disadvantage of this method is that too much experimentation will may increase consumer expectation with respect to the brand.

Holistic method is used to determine financial value or definite utility value of the brand. Holistic method looks to measure consumer brand preference over consumer brand response. Residual holistic approach measures brand equity after subtracting physical attributes of the brand. Valuation holistic approach looks to measure brand equity in financial term which is important during valuation of whole firm in activities of merger/acquisition, fund raising etc.

Comparative method and Holistic method are employed to measure benefit of consumer based brand equity. Comparative method measures consumer response where as holistic method measure consumer brand consumer preference. These methods are relevant to calculate return of investment for marketing activities.

11.4 SUMMARY

Brand valuation and the "brands on the balance sheet" debate are controversial subjects.

Limitations of valuation approaches

1. Require much judgmental data and thus contain much subjectivity.
2. Intangible assets are not always synonymous with brand equity.
3. Methods sometimes defy common sense.
4. Strength of the brand measures may be confounded/ with the strength of the company.

11.5 GLOSSARY

Holistic method is used to determine financial value or definite utility value of the brand.

Conjoint method allows simultaneously study of brand as well as marketing program.

11.6 SELF ASSESSMENT QUESTIONS

Q1. How do you create and manage brand equity?

Q2. State some old brands.

11.7 LESSON END EXERCISES

Q1. Discuss some of the brand deals that have taken place in recent times.

11.8 SUGGESTED READINGS

1. Foster, R. and Kaplan, S., Creative Destruction :Why Companies that are Built to Last Underperform the Market-And How to Successfully Transform Them, Doubleday,2001.

11.9 REFERENCES

1. The Best Global Brands, Business Week, 6 August 2002.

2. Interbrand, Brand Valuation, March 2003, p3.

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COMPARATIVE METHODS, HOLISTIC METHODS, BRAND EQUITY MEASUREMENT SYSTEM

LESSON STRUCTURE

12.1 INTRODUCTION

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12.2 OBJECTIVES

12.3 COMPARATIVE METHODS

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Conjoint method allows simultaneously study of brand as well as marketing program. This method also employs statistical calculation making it possible to study many attributes or association at one time. Disadvantage of this method is that too much experimentation will may increase consumer expectation with respect to the brand.

12.4 HOLISTIC METHOD

Holistic method is used to determine financial value or definite utility value of the brand. Holistic method looks to measure consumer brand preference over consumer brand response. Residual holistic approach measures brand equity after subtracting physical attributes of the brand. Valuation holistic approach looks to measure brand equity in financial term which is important during valuation of whole firm in activities of merger/acquisition, fund raising etc.

Comparative method and Holistic method are employed to measure benefit of consumer based brand equity. Comparative method measures consumer response where as holistic method measure consumer brand consumer preference. These methods are relevant to calculate return of investment for marketing activities.

12.5 BRAND EQUITY MEASUREMENT SYSTEM

Marketers have various tools at their disposal to build a strong consumer based brand equity. Through this tool, they have developed many strategically important marketing communication programs. It is important for survival of brand to understand how effective these programs have been. If these programs have been able to induce a positive image and increased brand knowledge among consumer then, it can be concluded that strategy employed is successful. A deliberate effort has to be carried out to measure success of marketing communication programs. This deliberate effort should be in direction of effective and efficient measurement system and also ways to manage these systems.

There are two ways forward in designing measurement system. One such measurement system relies on indirect method, where in emotional level changes in consumer are sorted and recorded. Other system rather relies on direct measurement method where in consumer response towards brand in terms of sales etc are measured and analyzed. A system design to effectively measure source and outcome of branding strategies there by providing a set of information, which can be delivered to concern decision makers to act on, is called a brand equity measurement system.

Although there is a broad consensus among marketers for need to measure brand equity, not many of them are aware and among them very few actually know how to make full use of it. In a normal course measurement is done by return on investment basis. This ROI measure definitely considers a very short term measure of marketing programs and activities. But marketing programs and activities design to build as strong brand activity on a long term basis. But this does not mean there should not be short term analysis to confirm path towards long term goal. Therefore, **brand measurement should be able to project future cash flow associated with brand which can lead overall value of the company**. Other part, which needs to be strongly put forward, is that marketing programs are looking to change consumer action.

The whole process starting from finalizing of marketing program to end result in form of financial cash flow is evaluate through the brand value chain. It basically sets out chart of build up to brand equity. First value step is to set up marketing investment where the current brand equity is analyzed and program designed. Here particular attention is given to quality of program design by asking relevant questions. After the execution of the program, consumer mind set in new environment is analyzed to see whether there has been any expected impact. Another interesting point would be look at the competitors' reaction and to understand how market has reacted to program. The immediate action would be seen in consumer behavior towards brand; positive if marketing program has hit the mark and vice-versa. If positive then it leads to definite creation of shareholder value in terms of improved profit and increase in stock price.

It is always good to conduct an audit of whatever process developed to track efficiency and measure proper utilization of investor money. This tracking can be done with respect to product brand, usually in form of survey after any purchase. This is tracking for brand awareness, brand image, brand performance and brand appeal with respect to consumer. Next it tracks overall feeling associated with brand purchase and specific attributes which has created an impression. Another form of tracking is corporate brand tracking a sort of umbrella tracking where you track everyone in the family. This sort of tracking tries to understand tracking in co-relation between individual brand and consumer perception of the company. If the company is global in nature then you want to track way the brand is performing as market could vary from infant stage to a mature market.

12.6 SUMMARY

These tracking activities are likely to generate great amount of data which has to be converted into information for decision making process. This information will lead to setting up of brand equity report and creating responsibility centers to oversee development of efficient marketing department, thereby creating a perfect brand equity measurement and management system.

12.7 GLOSSARY

Brand based comparative method, as mentioned, tries to examine consumer's response to identical marketing response to different brand in the same product category.

Marketing based method tries to understand consumer response under different marketing promotions.

12.8 SELF ASSESSMENT QUESTIONS

Q1. Distinguish between brand mark and trademark.

Q2. Discuss the importance of branding.

12.9 LESSON END EXERCISES

Q1. Explain the classification of brands.

12.10 SUGGESTED READINGS

1. The Best Global Brands, Business Week, 6 August 2002.
2. Interbrand, Brand Valuation, March 2003, p3.

12.11 REFERENCES

1. Foster, R. and Kaplan, S., Creative Destruction :Why Companies that are Built to Last Underperform the Market-And How to Successfully Transform Them, Doubleday, 2001.

BRANDING STRATEGIES, BRAND-PRODUCT MATRIX, BRAND HIERARCHY, DESIGNING BRAND STRATEGIES

LESSON STRUCTURE

13.1 INTRODUCTION

Customer based brand equity is created when brand knowledge comprising of brand awareness and brand image are at highest level in customer mind. Brand awareness level is raised in customer by first understanding consumer taste, preference and present level of awareness. This analysis leads to designing of marketing programs and outcomes of those programs are also recorded. Designing of marketing programs is a complex process as it may have to encompass wide range of product and brands. Purpose of all marketing program is to maximize brand equity and also to capture or create long lasting impression in consumer mind.

13.1 OBJECTIVES

The objectives of this lesson is to

1. To learn about Branding Strategies.
2. To learn about Brand Product Matrix.

13.3 BRANDING STRATEGIES

Branding strategies deal with creating brand names, logos, style etc. for it to be distinguished from competitors and also whether product brand should be separate from corporate brand or a separate brand away from other individual brands. Implication of branding strategies is that it creates brand awareness for consumer to ascertain point of difference and point of similarity with competitors. Second implication is brand image for association of brand equity from brand to product.

Brand-product matrix looks to explain brand portfolio and brand extension strategies. In the matrix all products offered under different brands are represented by a row. This helps marketers understand the current brand line and explore further opportunity in expanding the product line. In the matrix all current existing brand are represented in form of column referred to as brand portfolio. The brand portfolio analysis is essential to design and develop new marketing strategies to target a given product category.

Product line facilitates marketers to devise strategy with regards to future treatment for a given brand. This strategy focuses on decision, as to whether product line can be extended or new variants of existing product should be introduced. When taking brand extension decision companies needs to carry SWOT (Strength, Weakness, Opportunity, Threat) analysis to fully understand market conditions, current category structure and environmental(economic, social, political, regulatory) dynamics. This analysis will give companies product line and categories to follow active branding strategy.

Active branding strategy with respect to product line involves creating multiple brands; this provides depth to the branding process. For example- car maker General Motors, it created multiple brands to expand the product class category from SUV to sports car. This sort of strategy is also used by consumer goods giant P & G and Unilever. By creating individual brands companies can create different marketing strategies. This strategy ensures no market in given industry remains un-tapped.

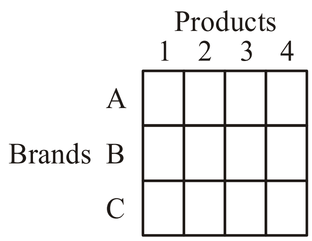
Brand product matrix helps in showcasing different brand in any given product category. In that respect Brand Hierarchy is graphical representation of company's products and its brands. Hierarchical structure starts with corporate brand and then showcases different product category and below brands. This sort of presentation helps devise marketing strategy at many levels and forms. There is no fix way to go about formulating marketing strategy but generally it can fit into 3 categories. First strategy gives more importance to corporate brand and less prominence to product brand. Second strategy sees importance been given to two or more product brands and some highlighting to the corporate brand. Third strategy looks at promoting only the product brand and there is no mention of corporate entity at all.

Another brand building strategy which has gain prominence in recent times is **cause marketing or social responsibility marketing**. In cause marketing company contributes some amount of revenue generate from product sales towards designated cause. For example- American Express started RED campaign along with U2 singer Bono where in 1 percent of card charges were dedicated to fight AIDS in Africa. This sort of marketing improves brand awareness as well as brand image and it can generate sense of pride not only for consumers but also for employees.

There are various ways through which a successful brand build strategy can be created, maintained and enhanced. But one things which comes out from exploring different strategies is that companies have to proactive in designing marketing campaign and react accordingly to challenges of dynamic environment.

13.4 Brand-Product Matrix

To characterize the product and branding strategy of a firm, one useful tool is the **brand-product matrix**, a graphical representation of all the brands and products sold by the firm. In the **brand-product matrix** all products offered under different brands are represented by columns. This helps marketers understand the current brand line and explore further opportunity in expanding the product line. In the **brand-product matrix** all current existing brand are represented in form of rows referred to as brand portfolio. The brand portfolio analysis is essential to design and develop new marketing strategies to target a given product category.



Brand-product matrix helps in showcasing different brands in any given product category. In that respect brand hierarchy is graphical representation of company's products and its brands. Hierarchical structure starts with corporate brand and then showcases different product category and below brands. This sort of presentation helps devise marketing strategy at many levels and forms.

The rows of the **brand-product matrix** represent brand-product relationships and capture the brand extension strategy of the firm in terms of the number and nature of products sold under the firm's brands. A brand line consists of all products—original as well as line and category extensions—sold under a particular brand. Thus, a brand line would be one row of the matrix. A potential new product extension for a brand must be judged by how effectively it leverages existing brand equityfrom the parent brand to the new product, as well as how effectively the extension, in turn, contributes to the equity of the parent brand. In other words, what is the level of awareness likely to be and what are the expected strength, favorability. and uniqueness of brand associations of the particular extension product? At the same time, how does the introduction of the brand extension affect the prevailing levels of awareness the strength, favorability, and uniqueness of brand associations or overall responses (judgments and feelings) toward the parent brand as a whole?

The columns of the **brand-product matrix**, on the other hand, represent product-brand relationships and capture the brand portfolio strategy in terms of the number and nature of brands to be marketed in each category. The brand portfolio is the set of all brands and brand lines that a particular firm offers for sale to buyers in a particular category. Thus, a brand portfolio would be one particular column of the matrix. Different brands may be designed and marketed to appeal to different market segments. A brand portfolio must be judged on its ability to collectively maximize brand equity. Any one brand in the portfolio should not harm or decrease the equity of other brands in the portfolio. In other words, the optimal brand portfolio is one in which each brand maximizes equity in combination with all other brands in the portfolio.

One final set of definitions is useful. A product line is a group of products within a product category that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same type of outlets, or fall within given price ranges. A product line may be composed of different brands or a single family brand or individual brand that has been line extended. A product mix (or product assortment) is the set of all product lines and items that a particular seller makes available to buyers. Thus, product lines represent different sets of columns in the **brand-product matrix** that, in total, make up the product mix. A brand mix (or brand assortment) is the set of all brand lines that a particular seller makes available to buyers.

The **branding strategy** for a firm reflects the number and nature of common and distinctive brand elements applied to the different products sold by the firm. In other words, **branding strategy** involves deciding which brand names, logos, symbols, and so forth should be applied to which products and the nature of new and existing brand elements to be applied to new products. A **branding strategy** for a firm can be characterized according to its breadth (i.e., in terms of brand-product relationships and brand extension strategy) and its depth (i.e., in terms of product-brand relationships and the brand portfolio or mix). For example, a **branding strategy** can be seen as both deep and broad if the firm has a large number of brands, many of which have been extended into various product categories.

13.5 BRAND HIERARCHY

A **brand hierarchy** is a means of summarizing the branding strategy by displaying the number and nature of common and distinctive brand elements across the firm's products, revealing the explicit ordering of brand elements. By capturing the potential branding relationships among the different products sold by the firm, a **brand hierarchy** is a useful means of graphically portraying a firm's branding strategy. Specifically, a **brand hierarchy** is based on the realization that a product can be branded in different ways depending on how many new and existing brand elements are used and how they are combined for any one product. Because certain brand elements are used to make more than one brand, a hierarchy can be constructed to represent how (if at all) products are nested with other products because of their common brand elements. Some brand elements may be shared by many products (e.g., Ford); other brand elements may be unique to certain products (e.g., F-series trucks).

As with any hierarchy, moving from the top level to the bottom level typically involves more entries at each succeeding level—in this case, more brands. There are different ways to define brand elements and levels of the hierarchy. Perhaps the simplest representation of possible brand elements and thus potential levels of a **brand hierarchy**—from top to bottom—might be as follows :

1. Corporate (or company) brand (e.g., General Motors)
2. Range brand (e.g., Chevrolet)
3. Individual brand (e.g.. Lumina)
4. Modifier (designating item or model) (e.g., Ultra)

The highest level of the **brand hierarchy** technically always involves one brand—the corporate or company brand. For legal reasons, the company or corporate brand is almost always present somewhere on the product or package, although it may be the case that the name of a company subsidiary may appear instead of the corporate name. For example, Fortune Brands owns many different companies, such as Titleist, Footjoy, Jim Beam, Master Lock, and Moen, but does not use its corporate name in any of its lines of business. For some firms, the corporate brand is virtually the only brand used (e.g., as with General Electric and Hewlett-Packard). Some other firms combine their corporate brand name with family brands or individual brands (e.g., conglomerate Siemens varied electrical engineering and electronics business units are branded with descriptive modifiers, such as Siemens Transportation Systems). Finally, in some other cases, the company name is virtually invisible and, although technically part of the hierarchy, receives virtually no attention in the marketing program (e.g., Black & Decker does not use its name on its high-end DeWalt professional power tools, and Hewlett-Packard created a wholly owned subsidiary for its low-priced Apollo ink-jet printers).

At the next-lower level, a range / family brand is defined as a brand that is used in more than one product category but is not necessarily the name of the company or corporation itself. For example, ConAgra's Healthy Choice family brand is used to sell a wide spectrum of food products, including frozen microwave entrees, packaged cheeses, packaged meats, sauces, and ice cream. Other examples of family brands boasting over a billion dollars in annual sales include PepsiCo's Tropicana juices and Gatorade thirst quencher, and Anheuser-Busch's Budweiser beer. Most firms typically only support a handful of family brands. If the corporate brand is applied to a range of products, then it functions as a family brand too, and the two levels collapse to one for those products.

An individual/ product line brand is defined as a brand that has been restricted to essentially one product category, although it may be used for several different product types within the category. For example, in the "salty snack" product class, Frito-Lay offers Fritos corn chips, Doritos tortilla chips, Lays and Ruffles potato chips, and Rold Gold pretzels. Each brand has a dominant position in its respective product category within the broader salty snack product class. Basic product brands can be refined through sub-branding.

A modifier is a means to designate a specific item or model type or a particular version or configuration of the product. Thus, many of Frito-Lay's snacks come in both full-flavor or low-fat "Better For You" forms. Similarly, Land O'Lakes offers “whipped,” “unsalted,” and “regular” versions of its butter. Yoplait yogurt comes as “light,” “custard style,” or “original” flavors.

13.6 SUMMARY

Different levels of the hierarchy may receive different emphasis in developing a **branding strategy**. For example. General Motors traditionally chose to downplay its corporate name in branding its cars, although the name recently has played a more important role in its supporting marketing activities. Such shifts in emphasis are an attempt by the firm to harness the positive associations and mitigate against the negative associations of different brands in different contexts, and there are a number of ways to place more or less emphasis on the different elements that combine to make up the brand.

13.7 GLOSSARY

A **brand hierarchy** is a means of summarizing the branding strategy by displaying the number and nature of common and distinctive brand elements across the firm’s products, revealing the explicit ordering of brand elements.

13.8 SELF ASSESSMENT QUESTIONS

Q1. Explain Brand Strategies in Detail.

13.9 LESSON END EXERCISES

Q1. Explain Brand Product Matrix.

13.10 SUGGESTED READINGS

1. The Best Global Brands, Business Week, 6 August 2002
2. Interbrand, Brand Valuation, March 2003, p3

13.11 REFERENCES

1. Foster, R. and Kaplan, S., Creative Destruction :Why Companies that are Built to Last Underperform the Market-And How to Successfully Transform Them, Doubleday, 2001.

NAMING NEW BRANDS AND EXTENSIONS; NEW PRODUCTS AND BRAND EXTENSIONS, ADVANTAGES OF EXTENSIONS

LESSON STRUCTURE

14.1 INTRODUCING

For a given company, there can be variety of product and services under different brands. Brand-product matrix is used to better understand current offering of the company. This matrix helps companies understand product line (product category) and brand portfolio (brands for different products). Similarly, brand hierarchy concept helps companies understand association among offered brands. Brand product matrix and brand hierarchy are essential tools for companies when they are looking for brand extension or launching new products. But they are factors which affect brand extension and naming of product.

14.2 OBJECTIVES

14.3 NAMING NEW PRODUCTS AND BRAND EXTENSION

Typically, any given company would fall in any of the following four categories in terms future expansion strategies; with current products and current market companies deal with market penetration strategy; with new products and current market companies deal with product development strategies; with current products and new market companies deal with market development strategy; and with new products and new market companies deal with diversification strategy. Clearly companies have to tackle tactical and strategically brand extension and naming of new products almost at any stage of growth.

For a given brand extension, it can be in form, where companies decide to expand product category under current parent brand family. This sort of extension may be through adding new flavor, different size packing. Another form of brand extension is category extension, here companies introduce new product category this may or may not be under the parent brand. Companies while introducing new brand has option either to create a new brand altogether or extend the current parent brand or combination of parent brand as well as new brand.

Although there is high rate of failure for introduction of new brands, companies do try to expand product category or introduce new product category at some point. Success of this has many advantages for the company.

1. It enhances how consumer look at brand, if brand has strong consumer brand equity then new product would have high rate acceptance to further strengthen brand image.

2. If a corporate brand or product brand, known for quality and robustness introduces a new product then this product has more recognition in consumer as they are aware of credibility thereby reducing risk associated with new product.

3. If brand extension is due to great demand for the brand among consumers, then even distribution channel is more welcoming for the new product.

4. Cost associated with marketing communication and sales promotion for new product as brand extension is reduced as consumers are already aware of the parent brand.

5. Brand extension again helps eliminating cost associated with research and development of altogether new product and packaging of the new product.

Brand extensions also facilitates in different ways process of firming position of parent brand in mind of consumer. It helps parent brand state its true positioning in the market. It helps cater to new customers there by creating exposure for parent brand in consumer mind. It helps rejuvenate the parent brand, meaning it increases brand awareness and brand image and lead way to further brand extension programs.

From the above it is clear that brand extension have advantages as well as disadvantages. But for any brand extension strategy to succeed companies need to comprehend current brand knowledge and also undertake market research to clearly understand consumer expectation before coming to brand extension decision.

14.3 BRAND EXTENSION-MEANING, ADVANTAGES AND DISADVANTAGES

Brand Extension is the use of an established brand name in new product categories. This new category to which the brand is extended can be related or unrelated to the existing product categories. A renowned/successful brand helps an organization to launch products in new categories more easily. For instance, Nike's brand core product is shoes. But it is now extended to sunglasses, soccer balls, basketballs, and golf equipments. An existing brand that gives rise to a brand extension is referred to as **parent brand**. If the customers of the new business have values and aspirations synchronizing/matching those of the core business, and if these values and aspirations are embodied in the brand, it is likely to be accepted by customers in the new business.

Extending a brand outside its core product category can be beneficial in a sense that it helps evaluating product category opportunities, identifies resource requirements, lowers risk, and measures brand's relevance and appeal.

Brand extension may be successful or unsuccessful.

Instances where brand extension has been a success are-

i. **Wipro** which was originally into computers has extended into shampoo, powder, and soap.

ii. **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-

i. 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.

ii. 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.

14.5 Advantages of Brand Extension

Brand Extension has following advantages :

1. It makes **acceptance of new product easy.**
   a. It increases brand image.
   b. The risk perceived by the customers reduces.
   c. The likelihood of gaining distribution and trial increases. An established brand name increases consumer interest and willingness to try new product having the established brand name.

d. The efficiency of promotional expenditure increases. Advertising, selling and promotional costs are reduced. There are economies of scale as advertising for core brand and its extension reinforces each other.

e. Cost of developing new brand is saved.

f. Consumers can now seek for a variety.

g. There are packaging and labeling efficiencies.

h. The expense of introductory and follow up marketing programs is reduced.

2. There are **feedback benefits** to the parent brand and the organization.

   a. The image of parent brand is enhanced.

   b. It revives the brand.

   c. It allows subsequent extension.

   d. Brand meaning is clarified.

   e. It increases market coverage as it brings new customers into brand franchise.

   f. Customers associate original/core brand to new product, hence they also have quality associations.

Disadvantages of Brand Extension

1. Brand extension in unrelated markets may lead to **loss of reliability** if a brand name is extended too far. An organization must research the product categories in which the established brand name will work.

2. There is a risk that the new product may generate implications that **damage the image** of the core/original brand.

3. There are chances of **less awareness** and trial because the management may not provide enough investment for the introduction of new product assuming that the spin-off effects from the original brand name will compensate.

4. If the brand extensions have no advantage over competitive brands in the new category, then it will **fail.**

14.6 SUMMARY

Brand extension also has share of disadvantages. First with increase in available product it can create uncertainty in consumer mind as to which product is right for her. Second, distribution channel maybe overwhelmed with product offering from different brands that they may not encourage introduction of another brand extension. Third, if brand extension is too much success then it may jump on current sales of parent brand, if brand extension fails position of parent brand would also suffer in the market.

14.7 GLOSSARY

Brand Extension is the use of an established brand name in new product categories. This new category to which the brand is extended can be related or unrelated to the existing product categories.

14.8 SELF ASSESSMENT QUESTIONS

Q1. What are the advantages of Brand Extension.

14.9 LESSON END EXERCISES

Q1. What are the disadvantages of Brand Extension.

14.10 SUGGESTED READINGS

1. The Best Global Brands, Business Week, 6 August 2002
2. Interbrand, Brand Valuation, March 2003, p3

14.11 REFERENCES

1. Foster, R. and Kaplan, S., Creative Destruction :Why Companies that are Built to Last Underperform the Market-And How to Successfully Transform Them, Doubleday,2001.

BRAND POSITIONING, BRAND MANTRAS INTERNAL BRANDING AND BRAND AUDITS

LESSON STRUCTURE

15.1 INTRODUCTION

Brand Positioning can be defined as an activity of creating a brand offer in such a manner that it occupies a distinctive place and value in the target customer's mind. For instance-Kotak Mahindra positions itself in the customer's mind as one entity- "Kotak "- which can provide customized and one-stop solution for all their financial services needs. It has an unaided top of mind recall. It intends to stay with the proposition of "Think Investments, Think Kotak". The positioning you choose for your brand will be influenced by the competitive stance you want to adopt.

Brand Positioning involves identifying and determining points of similarity and difference to ascertain the right brand identity and to create a proper brand image. Brand Positioning is the key of marketing strategy. A strong brand positioning directs marketing strategy by explaining the brand details, the uniqueness of brand and it's similarity with the competitive brands, as well as the reasons for buying and using that specific brand. Positioning is the base for developing and increasing the required knowledge and perceptions of the customers. It is the single feature that sets your service apart from your competitors. For instance- Kingfisher stands for youth and excitement. It represents brand in full flight.

15.2 OBJECTIVES

The objective of this lesson is

1. To learn about Brand Positioning.
2. To learn about Internal Branding.

15.3 BRAND POSITIONING-DEFINITION AND CONCEPT

Brand positioning refers to "target consumer's" reason to buy your brand in preference to others. It is ensures that all brand activity has a common aim; is guided, directed and delivered by the brand's benefits/reasons to buy; and it focusses at all points of contact with the consumer.

Brand positioning must make sure that :

- Is it unique/distinctive vs. competitors ?
- Is it significant and encouraging to the niche market ?
- Is it appropriate to all major geographic markets and businesses ?
- Is the proposition validated with unique, appropriate and original products ?
- Is it sustainable - can it be delivered constantly across all points of contact with the consumer ?

- Is it helpful for organization to achieve its financial goals ?
- Is it able to support and boost up the organization ?

In order to create a distinctive place in the market, a niche market has to be carefully chosen and a differential advantage must be created in their mind. Brand positioning is a medium through which an organization can portray it's customers what it wants to achieve for them and what it wants to mean to them. Brand positioning forms customer's views and opinions.

There are various positioning errors, such as-

1. **Under positioning-** This is a scenario in which the customer's have a blurred and unclear idea of the brand.
2. **Over positioning-** This is a scenario in which the customers have too limited a awareness of the brand.
3. **Confused positioning-** This is a scenario in which the customers have a confused opinion of the brand.
4. **Double Positioning-** This is a scenario in which customers do not accept the claims of a brand.

Examples of Brand Positioning

- Colgate is positioned as protective.
- Patanjali can be trusted as it is fully organic.
- Woodland is tough and perfect for outdoors.
- Coca-Cola brings happiness.
- Axe deodorants have a sexual appeal.

Characteristics Of A Good Brand Positioning Strategy

Relevant

The positioning strategy you decide should be relevant according to the customer. If he finds the positioning irrelevant while making the purchase decision, you're at loss.

Clear

Your message should be clear and easy to communicate. E.g. Rich taste and aroma you won't forget for a coffee product gives out a clear image and can position your coffee brand differently from competitors.

Unique

A strong brand positioning means you have a unique credible and sustainable position in the customers' mind. It should be unique or it's of no use.

Desirable

The unique feature should be desirable and should be able to become a factor which the customer evaluate before buying a product.

Deliverable

The promise should have the ability to be delivered. False promises lead to negative brand equity.

Points of difference

The customer should be able to tell the difference between your and your competitor's brand.

Recognizable Feature

The unique feature should be recognizable by the customer. This includes keeping your positioning simple, and in a language which is understood by the customer.

Validated by the Customer

Your positioning strategy isn't successful until the time it is validated by the customer. He is the one to decide whether you stand out or not. Hence, try to be in his shoes while deciding your strategy.

Types of Positioning

A positioning strategy depends on many factors which include current market conditions, your product, USP of your product, competitors, their products and the USPs of their products. Marketers plan of how they want their product to be seen by the customers in future also plays a vital role in deciding which type of positioning strategy to choose.

While there are numerous position strategies in marketing to choose from. The task for the marketers is to complement their promise to the product features they have to offer.

Lifestyle Positioning

By positioning itself as a lifestyle brand, a brand tries to sell an image and identity rather than the product. The main focus is to associate the brand with a lifestyle and focus is more on the aspirational value than the product value. Cigarette, Alcohol, and Tabacco companies are often seen to use lifestyle positioning while marketing their products.

The Problem Solver

Most of the brands focus on positioning their products as a one stop solution for a specific problem. They pinpoint the pain areas and the challenges the consumers face in their communication and other marketing strategies and mend it into promoting their product.

Parent Brand

This positioning strategy aims at establishing a brand promise and a reputation of the parent brand. All the products and sub-brands under the parent brand seem to comply to the established promise.

Product Specific

Some brands which caters to different market segments, use product specific positioning strategies where they position their different products differently than others. This is usually seen in the automobile industry.

Feature Specific

When the competition is huge and the products are similar, companies usually position their products by focusing more on specific features like price, quality, or other micro features depending on the product sold. This type of positioning strategy is usually seen in mobile industry.

How to create a strong brand positioning strategy?

Before you decide your brand positioning, ask yourself these three questions.

- What does **my customer** want?
- Can I **promise** him to deliver it better and/or **differently than my competitors**?
- **Why will they buy** my promise?

What does my customer **want?**

Not everyone in the market is your customer. You need to divide the market into 'my customer' and 'not my customer'. This way, it'll be easier for you to know what exactly is your customers' wants are.

The division should be followed by you trying to be in your customers' shoes. A good businessman speaks in the voice of the consumer.

Your research should not be based on secondary data. You should go out and look for what the customer actually wants, make the product fit those wants, and they'll buy it.

Be Better **and/or** Different

If it's not just you who is in the market, you've got to find a way to deliver your promise better and/or differently than your competitors. Make a brand which has a recall, which comes to the customer's minds when they hear about the particular product category or the feature you're offering. Every time I hear about girls being attracted by a deodorant, I get an image of Axe deodorants in my mind.

Give them a *reason to buy* **your promise.**

Your promise should be one of the factors they consider while buying the product. Use this trick

- Decide your product
- List its various characteristics
- Do a research, and
- Divide the characteristics into essential and add-ons.
- Select only those categories, be it essential or add-ons, which customers consider while making a purchase. (E.g. aesthetics, fragrance, taste, shape, cost, etc.)
- Find out what among these categories can you provide better than the competitors.
- Whatever you decide, don't lose your focus from the essential characteristics. (E.g. Taste will always be most important characteristic which a customer consider while buying a food product)
- Provide your unique feature along with the essential characteristics.

Brand essence (brand mantra)

Brand essence, also known as a brand mantra, is a short statement that expresses the core of what that brand represents or the image it seeks to project. A brand essence statement is often just two to three words. Although formats can vary, the statement's tone is most important. A statement usually uses a series of adjectives to describe a brand and may or may not contain the brand name. The athletic apparel company Nike, for example, may use statements like “Authentic athletic performance” or “Nike is inspirational.”

A brand essence expresses emotional and intangible associations that try to inspire a connection between the customer and a brand, which can take the form of the general sentiment that the brand inspires. A company’s tag line is often its brand essence statement and, as such, integral to brand recognition.

Criteria for a brand essence statement include :

- A single-focused message.
- Differentiation of the brand from competitors.
- An evocation of customer experience with the brand.
- Consistent delivery.
- A representation of the reality of what a customer might feel.

Marketing teams put time and deliberation into selecting the terms used in a brand essence. A marketing team finds terms that describe sentiments experienced when using a product. Laddering is a process used to come up with a brand essence. When laddering, brands are typically examined and attributes are selected from what the brand’s features imply. Attributes are considered the bottom rung of the ladder. The functional benefits that those attributes bring are examined for the second rung of the ladder. The third and final rung involves an examination of the emotions that the benefits bring to a customer.

The language in a brand essence reflects the particular company and its products and, as such varies a great deal from one company to another. Harley-Davidson might choose *liberation* as one of its terms whereas Palmolive might choose *cleanliness*. A business chooses a brand essence based on the consistent experience it delivers and the emotional response it evokes in its customers. Through this consistency and the emotional response, it seeks to interest new customers that are attracted to those qualities and to reinforce brand loyalty in existing customers. Marketers usually put considerable time into creating a new brand essence statement for rebranding efforts.

15.4 INTERNAL BRANDING AND ITS IMPORTANCE TO AN ORGANIZATION

The concept of **Internal branding** is all about believing in yourself. If the employees of a company are cynical about it's product or do not have confidence on the organization itself, then it is very difficult to convince the buyers to purchase the products. Skepticism should be dealt with as fast as possible as it may start affecting the company adversely.

In the last few years, companies have started emphasizing on a policy of understanding internal mechanics. They have made it mandatory for their employees to go through various courses like

- *Vigorous training programs that would prove beneficial for the brand* as well as the employee.
- *Giving incentives to promote and encourage their efforts.*
- *Making regular changes in the management so that employees are always alert.*

Internal branding is an important channel between creating a strategy and its successful execution. Open and proper communication helps to eliminate dissatisfaction and incompetency. This form of branding touches numerous spheres like

- *marketing*
- *brand management*
- *human resources*
- *frontline management*
- *operations*
- *strategies*

In many cases, it is the responsibility of the marketing department to look out for internal branding as they are directly involved between buyers and the organization. The executive department also handles internal branding, as they are also directly responsible for the sales figures.

Telecommunication companies like Aircel and Vodafone regularly have internal branding exercises wherein the confidence of employees is built through giving more knowledge of how the company operates, and how the company can be differentiated from competitors. As these employees are the direct communication line between the company and the customer, their confidence and the value of the brand in their mind is important.

Advantages of Internal Branding

Internal branding is very advantageous for a brand as it cements the foundation of a company. The following are the various positives derived from it –

- Internal branding helps the company to move forward along with all its employees.
- Any deficiencies are easily rectified during the training stages, thus making the end teams stronger and efficient.
- The interactions during training sessions make the bond stronger amongst the employees developing a feeling of ease and familiarity.
- The workshops help to gain a better perspective about the brand and its products.
- The training helps to remind the employees about the values, vision and mission of the organization.
- The right exposure helps the employees to gain the confidence that would reflect in their performances.
- This self-confidence makes a positive impact on the daily internal activities.

Disadvantages of Internal Branding

In many cases, the companies do not pay proper attention to the concept of internal branding.

- The lack of proper guidance does affect the attitude of employees.
- The main shortcoming of internal branding is that it may lead to groupism and favoritism.

- When this starts happening it often leads to chaos and confusion.
- Internal branding has an indirect impact on the external branding. If not handled properly it may lead to far reaching consequences on a brand as both are intricately connected with each other.

Internal branding has been able to make a positive impact on the external branding activities. The confidence gained during these sessions has helped in making the teams healthier with enhanced performances. This leads to an increase in sales figures and higher profits.

5 ways to build your internal branding strategy

1. Define your values and mission

Without a defined direction, your business will lack an identity or purpose with which your employees can identify. Defining your mission as an organization and stating those philosophies or principles that make you, "YOU" will communicate to your employees exactly what is important.

Having a mission and values gives your employees **a sense of purpose** to their role, taking the mindset from "I'm doing a job to earn my wage" to "I'm contributing to something bigger".

2. Engage your People

Your internal brand is about your people, defined by your people and driven by your people. So get them involved.

Start by obtaining feedback from your employees on their perception of your brand and get their input in defining and shaping it. Using employee surveys, focus groups, open discussion forums and Q & A sessions, you can provide employees with a sense of ownership that will increase engagement and receptiveness to the concept.

Consider assigning dedicated people to internal change communication and internal branding, picking out those engaged employees who are well-positioned to become 'brand ambassadors' for the company. Employees are more likely to buy-in to positivity about their organization from their peers than when receiving the input top-down from management; this breeds a level of belief that individuals are championing the brand because they believe in it – not because they have to.

3. Give your internal brand an identity – and align it with the external

Your external brand is defined; it will typically have its own logo, font, set colors, perhaps a determined tone of voice, its own taglines, key statements, look and feel. Why shouldn't your internal brand have the same? A memorable identity will help your internal brand stick and translate that 'meaning' into the everyday roles of your employees.

When designing, it's essential to relate your internal brand to the external; that connectivity will help employees understand how the two relate and ensures integrity. If your company is putting out one message to its consumers (e.g., "our number one priority is customer service") and a very different one to its employees (e.g., "our number one priority is to be the biggest provider in the market by volume of customers"), this mismatch will cause confusion and disillusionment with your company's purpose and direction. Drawing on the same 'big ideas' promoted in external advertising will not only resonate better with employees, but can actually result in more distinctive and authentic external marketing.

However, putting an individual spin on your internal brand will ensure it is distinct and give employees a sense of ownership. For example, take your existing logo and assign a spin-off color or name for internal communications purposes, or create an intranet name or brand associated with your external brand.

4. Communicate your internal brand strategy and embed it

So you have your defined "purpose" in the form of a mission and values; you have employee-led input into what your organizational brand is and you've created the logos, statements, tone of voice and design bits to make it stand out. Now, it's time to communicate it.

Creating an **emotional connection between employees and the brand** is not something that can be achieved via an internal memo and the odd poster on the staff noticeboard. To ensure that connection informs the way your employees approach their roles and that your brand continues to underpin each decision they execute, you need to initiate a proper launch for the brand.

Use a multi-pronged approach to introduce and explain the messages and then reinforce by applying your internal branding to every internal touchpoint. Consider running launch workshops, an internal brand launch ‘party’ or townhall announcement, design a staggered communication plan and ensure more detailed information is easily accessible via your employee intranet.

Consider the day-to-day interactions experienced by your staff and weave your internal brand into the fabric of those experiences; for example, including the internal brand statement or mission and values on your intranet homepage and internal email signatures, on staff posters on-premise, or perhaps as the login screen for their HR or finance logins that they access regularly. Remember that this process is about inspiring, motivating and persuading your employees, not simply informing; so be creative and encourage two-way conversations by providing platforms for feedback and discussion.

Finally, make your internal brand something people talk about. Make it easily defined and communicated (think short, snappy and memorable phrases or straplines, rather than a 10-page book of ‘brand guidelines and principles’) and ensure it resonates.

5. Recognize, reward and incentivize

One common failure of internal branding initiatives is the lapse of focus and motivation after the initial launch. To truly drive a successful internal branding strategy and transform the engagement of employees, it needs continual reinforcement from higher management.

Got an employee, or several, who have demonstrated a true ‘living the brand’ approach to their work? Recognize their efforts and shout about it – use internal communication channels and your employee intranet to share the story and demonstrate how your brand translates into the day-to-day roles of the people.

Go one step further and set incentives or competitions to truly embed the principles and drive performance. At Interact, our peer-to-peer recognition program includes the use of #hashtagging the values of the business when nominating a colleague for recognition. Those who have been tagged as "courageous" "passionate" or for "thinking BIG", for example, will be entered into a monthly draw to win a reward. When it comes to creating brand ambassadors, remember that money alone is often insufficient;

A rewarding investment

Building and embedding an internal brand strategy takes time and investment. However, the rewards can be extensive. Engaged employee brand ambassadors contribute to tangible returns for your business, including :

- – **ADVOCACY** : 78% of engaged employees would recommend their company's products and services
- – **RETENTION** : Highly engaged organisations can reduce staff turnover by as much as 87%
- – **CUSTOMER SERVICE** : 70% of engaged employees say they have a good understanding of how to meet customer needs
- – **REVENUE AND RETURN** : During a study, companies with highly engaged employees improved operating income by 19.2% over a 12 month period.

15.5 BRAND AUDIT

It can sometimes feel that the biggest brands have done all the hard work early on and are still reaping the rewards years later. In fact it's often the complete opposite, with established companies struggling to stay innovative **and agile as they grow.**

What is a brand audit?

A brand audit is a detailed analysis that shows how your brand is currently performing compared to its stated goals, and then to look at the wider landscape to check how that performance positions you in the market.

The methodology will therefore differ depending on industries and individual companies. Regardless of the exact criteria you choose to measure, an audit should allow you to :

- Establish the performance of your brand
- Discover your strengths and weaknesses
- Align your strategy more closely with the expectations of your customers
- Understand your place in the market compared to the competition

One option is to employ a branding agency to conduct a comprehensive audit. They may examine internal branding : your positioning, voice, brand values, culture, USP, and product.

External branding can also be considered; logo and other brand elements, website, advertising, SEO, social media, sponsorships, event displays, news and PR and content marketing.

They can also look at company infrastructure, such as customer service, HR policies, and sales processes.

Perform your own brand audit

However, you can chose to audit yourself using data that should be readily available. There are a wide range of metrics you can measure, but which ones are important will change on a case by case basis.

1. Create a framework

You should start by looking at your mission and strategic objectives to create a framework.

You want to consider who are your target customers, the marketing plan to reach them, and the layout of the business landscape you operate in.

Some companies will be able to refer to their go to market strategy. This consists of the overarching plan that includes target customers (geographically, job roles, sectors, buyer personas etc), product portfolio, distribution channels, partnerships, competitors, and pricing.

2. Question your customers

It can be easy to rely on web and social numbers alone, but this will not give a complete picture. You can conduct surveys by telephone, email, on your website or as part of the sales process. Services like SmartSurvey will let you create online questionnaires for free.

A mixture of quantitative and qualitative feedback will provide a more rounded view. Understanding the customer experience at each touchpoint will be an important part of your audit. As there is plenty of data available these anecdotal customer stories will help humanize the audit and provide an idea of how people perceive your brand.

They can also help to uncover answers to questions that cannot be easily told by data, such as rating the customer service experience or why someone ultimately chose your brand over the competition.

3. Review your web analytics

As 81% of consumers conduct online research before making a purchase (going up to 94% in B2B cases), the traffic to your website is an important, if obvious, place to start. Have a look at your web analytics program to discover how your website is performing.

Monitoring paid and organic channels is standard practice for working out if your SEO or display adverts are succeeding or need optimizing. You can also look deeper to see if traffic is coming from the markets you are targeting.

It's also worth reviewing which channels drive traffic : you want there to be a mix of sources to mitigate against any sudden drops in one area. An over-reliance on organic search could be undone by one simple Google update.

Obviously, conversions and conversion rates should always be monitored. A deeper analysis as part of your brand audit will tell you if you are attracting the right kind of traffic, and which types of content are working best.

4. Review social data

Social data can help further flesh out the overview of your brand, giving access to audience data that is unavailable through other channels.

The demographic information available through social media allows you to better understand your audience. You may want to reposition your messaging if your actual audience differs from your perceived audience.

Social intelligence tools like Brandwatch can be used to gain a deeper understanding of your customers, examining their interests outside your brand to inform marketing. Location-based social data can complement web location data.

You can find out who is linking to your website, just one way of uncovering influencers. Sentiment analysis allows you to gain an overview of the wider public opinion around your brand, or specific campaign or product.

A linguistic analysis using categorization of mentions can inform you of the associations with your brand. Combining this data with an audience analysis gives you opportunities to reposition or highlight strengths, and answering the needs of the market.

5. Review sales data

Of course sales data will be at the forefront of your ongoing monthly reporting, but examining it in conjunction with the rest of the audit data will help to identify problem areas.

The context provided by an analysis of the entire customer journey can bring out specific areas that are causing problems, or opportunities to further exploit.

6. Look at your competitors

No brand exists in isolation. The final part of conducting a brand audit involves looking at your competitors to understand your place in the market.

There is an entire landscape of competitor analysis tools that will do a lot of the work for you. SEO and rankings, backlinks, content, adverts, rankings, traffic, emails and price tracking can all be investigated.

Social data can provide the same data about your competitors as your own brand, as it is not gated in the same way a lot of other data is.

In addition to the methods listed above, calculating share of voiceshows how much of the online conversation you are earning, and how that conversion differs in different markets.

7. Take action and monitor results

A brand audit should highlight areas for action.

A detailed plan of findings should be followed by a series of actionable targets, with a timeline of expected results. After you have taken action on each area, monitor progress and results.

An ongoing process of measurement will inform if your targets are being reached, but you may wish to repeat the audit process after a reasonable amount of time.

However you chose to go forward, keep in mind that the landscape will continue to change and brands need to continually update and innovate to stay relevant and ahead of the competition.

15.6 SUMMARY

It takes a huge amount of work to stay at the top, with every upstart trying to usurp your brand. Continual monitoring of results and reporting against targets provides an ongoing health check.

Performing a brand audit allows you to take a step back and look at the overall picture, which can inform longer term strategy.

Whether benchmarking against competitors, considering a rebrand, or simply wanting a broader overview of performance and positioning, undertaking an audit can be a valuable exercise.

15.7 GLOSSARY

A **brand audit** is a detailed analysis that shows how your brand is currently performing compared to its stated goals, and then to look at the wider landscape to check how that performance positions you in the market.

15.8 SELF ASSESSMENT QUESTIONS

Q1. Explain the concept of Brand Positioning.

Q2. Explain Brand Audit in Detail.

15.9 LESSON END EXERCISES

Q1. Explain the concept of Internal Branding,

15.10 SUGGESTED READINGS

1. The Best Global Brands, Business Week, 6 August 2002
2. Interbrand, Brand Valuation, March 2003, p3

15.11 REFERENCES

1. Foster, R. and Kaplan, S., Creative Destruction :Why Companies that are Built to Last Underperform the Market-And How to Successfully Transform Them, Doubleday, 2001.

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